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EU presidency
An awkward time for the French
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Unilever rebuilds
Fall-out of a soap war lost
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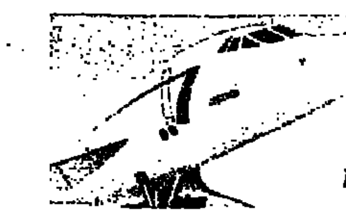
Telecoms mergers point the way
Separate Section



TOMORROW'S **Weekend FT**
Concorde: the middle-aged jet setter

World Business Newspaper FRIDAY JANUARY 20 1995 D8523A

China baulks at west's demands in world trade talks

China threw into doubt international negotiations on its entry to the new World Trade Organisation after criticising the west for "exorbitant" demands. The veiled warning came despite earlier indications from Chinese negotiators that they would be willing to continue talks next month on admission to the successor to the General Agreement on Tariffs and Trade. Page 18

Ford to launch Polish plant: US carmaker Ford is to launch its first car production venture in eastern Europe with a projected $54m investment in an assembly plant in Poland. Page 18; UK car output record, Page 7

US deficit deepens: The US trade deficit rose to $10.5bn in November, well above market projections, and pointing to a probable deficit for 1994 on trade in goods alone of more than $150bn. Page 6

Israeli pledge for PLO: Israel told the Palestine Liberation Organisation it backed a freeze on planned public construction of new Jewish housing in the occupied West Bank in a move to break the deadlock in stalled peace talks. Page 4

Bristol-Myers Squibb set aside an additional $750m to cover the cost of compensating women who claim illness as a result of breast implants made by the US healthcare group. Page 19

Fresh scandal at Oslo bourse: Oslo stock exchange head Elisabeth Wille has been accused of using her influence to obtain a contract at the bourse for a partner in her law firm. She has denied any wrongdoing. Last month bourse president Erik Jarve was found drowned near Oslo after it was alleged he had abused his position to get a job for a member of his family. Page 3

200 feared dead in avalanches: More than 200 people were believed dead and 400 others buried under snow after avalanches along the Srinagar-Jammu highway in the Himalayan foothills.

Microsoft, world's leading computer software company, reported record second fiscal quarter with revenues of $1.48bn. Strong sales were registered in all product categories. Page 22

Booby-trapped corpse: Two Algerians were killed and a member of the security forces was wounded when a booby-trapped corpse exploded in the town of Bougara, near Algiers. Security officials blamed Moslem fundamentalists.

Anti-González plot claimed: A Madrid high court magistrate Baltasar Garzón, who has reopened investigations into an undercover war against the Basque ETA separatists in the 1980s, was accused of conspiring to overthrow Spanish prime minister Felipe González. Page 3

Viscount Cowdray, chairman from 1954 to 1977 of Pearson, owner of the *Financial Times,* has died aged 84. Obituary, Page 7

Rolls-Royce, UK aero-engine manufacturer, is to shed 600 jobs by closing a design and customer support operation near Glasgow, Scotland. Page 7

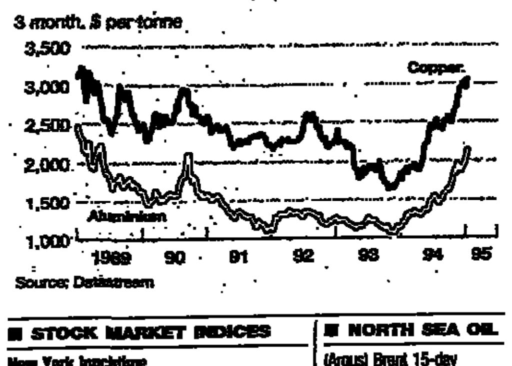
Oil platform blaze kills six: Six workers have been killed and four were missing after a fire on a Nigerian offshore oil platform operated by US oil major Mobil.

Banana policy faulted: The European Union's controversial banana import policy is costing European consumers $2.3bn a year in artificially inflated prices, says a World Bank study. Page 4

Blow for Cardoso: Brazil's new president Fernando Henrique Cardoso has suffered his first big setback after Congress voted to increase the monthly minimum wage from R70 ($83) to R100. Page 6

Base metals reach fresh peaks: Speculators pushed base metals to fresh peaks on the London Metal Exchange. Aluminium reached a 5½-year high of $2,155 a tonne, while three-month copper broke a 5½-year record at $3,072 and three-month zinc reached a 2½-year peak of $1,236. Page 25

Metal prices
3 month, $ per tonne



Source: Datastream

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	3,889.62	(-39.36)
NASDAQ Composite	769.55	(-2.83)
Europe and Far East		
CAC40	1,837.11	(-23.16)
DAX	2,089.36	(+10.89)
FT-SE 100	3,028.6	(-26.3)
Nikkei	19,075.7	(-147.57)

■ US LUNCHTIME RATES

Federal Funds	5 7/16%
3-mth Treas Bills: Yld	5.864%
Long Bond	96 3/8
Yield	7.898%

■ OTHER RATES

UK: 3-mo Interbank	6 5/8%	(6 17/32%)
UK: 10 yr Gilt	87 13/32	(Same)
France: 10 yr OAT	95.46	(95.66)
Germany: 10 yr Bund	99.01	(99.07)
Japan: 10 yr JGB	96.324	(96.444)

■ NORTH SEA OIL

(Argus) Brent 15-day (Mar)	$16.81	(16.745)

■ GOLD

New York Comex		
(Feb)	383.6	(382.6)
London:		
close	$383.0	(Same)

■ DOLLAR

New York: lunchtime		
£	1.5875	
DM	1.5135	
FFr	5.2405	
SFr	1.2753	
Y	98.975	
London:		
£	1.5698	(1.5715)
DM	1.5303	(1.53)
FFr	5.2933	(5.2875)
SFr	1.2891	(1.288)
Y	99.67	(99.425)
Tokyo close:	Y 99.78	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11		
Belgium	BFr70	Hungary	Ft165	Neth	Fl 4.25	Singapore	S$4.30		
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	KSL60		
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00		
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225		
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17		
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.90		
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00		
Finland	FM15	Kuwait	Fils.625	Portugal (m'land)	Es230	Tunisia	Din1.500		
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000		
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00		

Markets fall again as opposition grows to $40bn US rescue package

Mexico hit by investor fears

By Leslie Crawford and Ted Bardacke in Mexico City

Mexico's financial markets were hit again yesterday by intensifying investor anxieties over opposition in both the US and Mexico to proposals to overcome a month-long financial crisis.

A planned US financial support package for Mexico, which could amount to some $40bn, faces hostility in Washington, where it is providing a first test of the ability of President Bill Clinton's Democratic administration to work with a new Republican Congress.

In Mexico antagonism has emerged on at least two fronts to President Ernesto Zedillo's economic and political programme to surmount the crisis, provoked by a devaluation of the peso a month ago. The Mexican stock market was down 3.7 per cent at mid-session, while the peso weakened to 5.505 to the dollar, from 5.405 at Wednesday's close. Influenced by Mexico, other Latin American stock and bond markets fell too, with the Brazilian stock market closing down 6.6 per cent, and Argentina's closed down 3.88 per cent.

The US dollar also fell sharply against other currencies in New York. Investors feared the Federal Reserve might dilute or postpone a rise in interest rates if the US Congress were not to approve the peso support package. After closing in London against the D-Mark at DM1.5303, it dropped to DM1.5105 just after midday in New York.

The opposition to Mr Zedillo came most forcefully from within the ranks of his own Institutional Revolutionary party (PRI). PRI legislators expressed opposition to a bill which would allow foreign ownership of Mexican banks, while PRI militants have also strongly criticised political reforms that would force fresh elections in states where opposition political parties claim electoral fraud took place.

The revolt has increased worries that Mr Zedillo may lack the political capital necessary to push through economic reforms being demanded by the US government as a condition for the support package.

Thousands of PRI militants set up road blocks in the oil-rich state of Tabasco, closed down businesses and the local airport and demonstrated outside the state legislature in the capital Villahermosa on Wednesday.

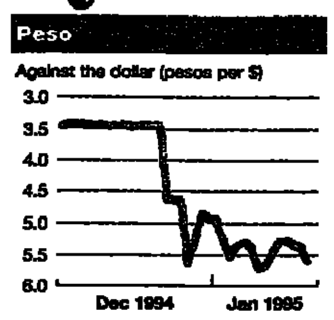
They were protesting over rumours that Mr Roberto Madrazo Pintado, governor of Tabasco and a member of the PRI, would be forced to resign.

In Mexico City, Mr Guillermo Ortiz, the finance minister, was holding emergency meetings with Senate leaders in an attempt to save his new bank ownership bill from defeat in parliament.

The draft bill would give the finance minister power to allow foreigners to increase their market share of the Mexican banking system beyond limits established in the financial services chapter of the North American Free Trade Agreement.

Foreigners would be able to increase their equity participation in Mexican banks from 30 per cent of total capital to 49 per cent, and foreign banks would be able to take over Mexican banks.

Peso



Source: FT Graphite

Freshmen fire at Clinton's Mexican package, Page 6
World stocks, Page 36
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Government bonds, Page 27

Tokyo admits a delay in quake rescue

By William Dawkins in Tokyo and Emiko Terazono in Kobe

The Japanese government admitted yesterday its earthquake relief operation had been inadequately prepared, as survivors of Tuesday's disaster criticised the official response as slow.

Cabinet members admitted that red tape delayed the deployment of the military in the city of Kobe and other quake-affected areas.

The local authority, not knowing that the self-defence forces needed an official request by municipal officials before they could start a rescue mission, had not called them in until four hours after the quake devastated the port city. Kobe citizens also attacked the government for taking a day to make up its mind to accept a US offer of help.

Mr Tomiichi Murayama, the prime minister, acknowledged as he visited the despairing survivors, 230,000 of them homeless, that current legislation did not allow the government to carry out earthquake relief effectively and promised to consider a law to improve future operations.

"Terrible. It's beyond imagination." was his reaction on seeing the wreckage of Kobe, where the number of dead reached 4,015 last night with 587 still missing.

Food and clothing started to arrive by helicopter and ship yesterday, three days after the quake struck. By afternoon, the US military in Japan had delivered 37,000 blankets to Osaka airport and a Swiss avalanche rescue team had arrived in Kobe.

Attempts to restore power and water to Kobe made little headway. Electricity was briefly restored to blacked-out areas of Kobe in the morning, but the surge in current caused sparks, touching off two fires in which a part of shopping centre and a warehouse were destroyed.

In total, 90 new fires broke out in Kobe yesterday, reinforcing survivors' complaints that the fire brigade was not prepared for a disaster of this scale. Municipal authorities were trying to repair water pipes, but there was no

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Yeltsin claims war in Chechnya 'effectively over'

By Steve LeVine in Chechnya and Chrystia Freeland in Moscow

Russian president Boris Yeltsin yesterday declared the Chechen war "effectively over" after Russian troops overran the presidential palace in Grozny, the centre of resistance during the five-week conflict.

In a declaration of "victory", Mr Yeltsin sought to appease increasingly strident international and domestic critics, who have been calling for an end to the costly and bloody war. Financial markets, unsettled by the conflict and troubled by doubts about the government's commitment to austerity, drove the rouble towards an all-time low against the US dollar yesterday.

With the presidential palace in Russian hands, Mr Yeltsin, who has made a concerted effort recently to persuade western governments and the International Monetary Fund of his commitment to market reforms, is likely to counter western criticism by insisting the war is now over.

Chechen forces still control significant areas in Grozny and other parts of Chechnya. Chechen fighters and Russian and western military observers warned that Russia faces a protracted guerrilla war if it wishes to subdue completely the breakaway republic.

The seizure of the presidential palace was accomplished in the haphazard fashion which has characterised Russia's military conduct. It was not part of a wider advance of Russian ground forces, whose movement into Chechnya has reportedly decreased over the past few days.

Chechen fighters said early yesterday morning a Russian aircraft bombed the presidential palace, penetrating the basement bunkers which have been the headquarters of palace defenders. After the bombing, the Chechens left the building.

But rebel forces were still in control of about a third of the largely deserted city.

Despite Mr Yeltsin's claim that the "military stage" of the Chechen war is "effectively over", Russian officers and western analysts predicted a drawn-out struggle with Chechen fighters.

General Alexander Lebed, the commander of Russian forces in Moldova and a critic of the Chechen operation from the outset, said even though the palace has fallen, Russia still faces the more difficult task of subduing a region whose population has taken up arms against Moscow.

"It is not just Dudayev's forces, but the entire Chechen nation which is now fighting Russia," Gen Lebed said. "Simple men are now fighting, many of whom have lost children, wives and mothers. They are ready to fight for the rest of their lives."

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Standing ovation at Delors' finale

Outgoing European Commission president Jacques Delors salutes the European deputies during a standing ovation following his last speech in front of the European parliament in Strasbourg. Mr Delors has been succeeded as head of the Commission by Luxembourg prime minister Jacques Santer. Picture: Reuter

De Klerk and Mandela in row over police amnesty

By Roger Matthews and Mark Suzman in Johannesburg

South Africa's coalition government of national unity was hit yesterday by the deepest divisions since it was formed after last year's first democratic elections.

Mr F.W. de Klerk, deputy president and leader of the National party, said he had been forced to reconsider his position in government because of a "comprehensive, sharp and insulting attack" against his party. There had been speculation earlier that Mr de Klerk was considering resigning.

The row apparently centred on comments by President Nelson Mandela at a routine cabinet meeting on Wednesday when the issue of an amnesty for police officers was discussed.

"The National party in general and I in particular as the leader were viciously insulted," he said. The dispute comes as the personal relationship between Mr Mandela and Mr de Klerk has worsened considerably.

Although he reaffirmed his commitment to the principle of a coalition government, Mr de Klerk said the behaviour of Mr Mandela's African National Congress had been "unfair, unjustified and totally unacceptable".

"What happened is, however, of such a serious nature that it has created a crisis of confidence that makes co-operation impossible – unless adequate steps are taken," he told cheering delegates at the opening of his party's national conference in Johannesburg yesterday evening.

Despite National party objections, the cabinet ruled that the applications for protection from prosecution of 3,500 police officers and two former cabinet members made during Mr de Klerk's administration would not be accepted as valid.

A subsequent meeting between Mr de Klerk and Mr Mandela late on Wednesday night failed to resolve their differences.

Mr de Klerk also insisted that the National party had never sought a clandestine amnesty for security forces and said that he had always maintained that the issue was a legal question rather than a political one.

However, he said that he would support an amnesty for police who had committed offences for political motives. "Our security forces are entitled to the same treatment that members of the ANC and PAC [Pan Africanist Congress] received," he said.

Charging that the ANC was becoming over-sensitive to criticism, Mr de Klerk said that when the National party stood up to them in a "civilised manner" they became "rudely insulting".

Mr de Klerk said he hoped to make a fresh start in tackling South Africa's problems in co-operation with the ANC and that he would meet Mr Mandela to try to resolve the divisions. But he warned that, if agreement was not reached, he would be "obliged to give thorough consideration to all available options".

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Berlusconi and allies demand clear commitment to early poll

Dini's foes set price for support

By Robert Graham in Rome

Italy's former premier, Mr Silvio Berlusconi, and his allies agreed yesterday to make their support for the new government conditional on a precise commitment to early elections.

The decision was taken at a meeting of MPs from the ousted rightwing coalition which had been called to discuss their attitude to the administration of technocrats headed by Mr Lamberto Dini, the former treasury minister and director general of the Bank of Italy.

This show of unity was intended to dispel suggestions that within Mr Berlusconi's Forza Italia movement there are "doves" concerned about the consequences of voting against Mr Dini, who until last week was considered one of the most prestigious figures in the previous administration.

Mr Gianfranco Fini, leader of the neo-fascist MSI/National Alliance, and among the new government's most strident opponents, said after the meeting: "We will vote for the Dini government only if it is absolutely crystal clear that we go to the polls in June."

According to a spokesman for the former premier, Mr Berlusconi had contacted Mr Dini and requested an "unequivocal" signal on June elections when the latter announced his government programme to parliament. However, the fact that the meeting took place suggests some sort of dialogue remains despite Mr Berlusconi's desire to undermine his former colleague.

At his first press conference on Wednesday, Mr Dini refused to make a concrete commitment to early elections, but he readily conceded that his emergency mandate could be concluded in "a few months". It would be surprising if he could be more specific without limiting his own authority.

The government, sworn in on Tuesday, is expected to seek a vote of confidence on its programme early next week, allowing time for further negotiation. At present Mr Dini's fate is precarious with, at best, the narrowest of majorities.

Yesterday, dissidents within Mr Umberto Bossi's Northern League, were still agonising over whether to back Mr Berlusconi's anti-Dini line. At the other end of the political spectrum, Reconstituted Communism, the hard core of the former Italian Communist party, was under pressure from other groups on the left to change its declared policy of voting against the government. Of the party's 39 deputies, at least 15 are believed willing to back Mr Dini as the best means of attacking Mr Berlusconi and the right.

Meanwhile, it has been revealed that an arrest warrant has been issued for Mr Romano Comincioli, a key Forza Italia figure in Sardinia, on charges of aiding and abetting bankruptcy. Mr Comincioli's name was linked to property development in Sardinia with Berlusconi family interests in the early 1980s. The bankruptcy charges relate to EGS, a service company, that collapsed last year.

Russian budget faces twin dangers

By Chrystia Freeland in Moscow

Russian parliamentarians warned yesterday that the 1995 draft budget could collapse under the twin pressures of efforts to increase the minimum wage and the costs of the war in Chechnya.

The draft budget, which parliament is set to consider today, is the focus of negotiations between Russia and the International Monetary Fund which began this week on an aid package of up to $13bn. Projecting a deficit of 7.7 per cent, it has already been criticised as too lax by the IMF.

The increased pressures on the budget came amid moves by President Boris Yeltsin to reassure western governments and investors that his country remains committed to market reforms. Government sources yesterday said Mr Yeltsin was planning to sack Mr Vladimir Polevanov, the recently appointed privatisation minister, whose pledges to renationalise key industries raised fears that Russia was backing down from economic reforms.

But Mr Yeltsin's efforts to reaffirm his commitment to reforms could be jeopardised by a ballooning budget deficit, parliamentarians and reformers in the government warned. The biggest threat is posed by a bill, overwhelmingly endorsed by the lower house of parliament this week, to increase the minimum wage by 160 per cent.

Russian officials warned that the bill, which is due to come up for a third and final reading by parliament next week and which then must be signed by the president, would push up government spending this year by more than Rbs30,000bn.

"This is a complete deception of the people," Mr Mikhail Zadornov, chairman of the parliamentary budget commission, said yesterday. Mr Zadornov said that if the wage increase went through, the government would be forced to "turn the printing presses back on", leading to a fresh burst of inflation.

Key figures in the government have been campaigning to keep the 1995 draft budget and market reforms on track in the face of these mounting calls for increased expenditure.

Prime Minister Victor Chernomyrdin this week sent a letter to parliament promising to finance the costs of the Chechen war, which he estimated at Rbs3,500bn, by slashing state investments and subsidies. "The government does not think it necessary to amend the budget data," Mr Chernomyrdin stated in the letter.

Many deputies remained sceptical of the prime minister's projections of the cost of the Chechen conflict.

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Italian telecoms giant roars as tiny challenger scores a hit

Arguments over the rules are complicating a tough fight, writes **Andrew Hill** in Milan

The stand-off between Telsystem, a Milan-based supplier of telecommunications services with a workforce of 10, and state-controlled Telecom Italia, which employs 100,000, has inevitably been dubbed "David versus Goliath". The main difference between the two confrontations is that David killed the Biblical giant with a single shot from his sling, and Goliath was unable to appeal the decision.

Telsystem has spent 18 months trying to lease lines from Telecom Italia, the national operator, so that it can construct "virtual" telephone networks linking the Italian offices of potential clients such as McCann-Erickson, the advertising agency, and McKinsey, the consultancy group.

Last week, Italy's antitrust authority ordered Telecom Italia to supply the lines to Telsystem. In the first important decision under its new head, ex-prime minister Giuliano Amato, the authority said Telecom Italia had abused its dominant position and broken European Union rules on the liberalisation of the sector.

Telecom Italia has always claimed to favour further liberalisation of the sector and said it had already complied with the antitrust ruling and supplied lines to Telsystem. But the state-controlled company is concerned that the decision might lead to an undisciplined free-for-all in one of Europe's biggest telecoms markets.

That is why Telecom Italia plans to appeal against the antitrust ruling and why it has fought Telsystem through the Milan appeal court, which this week rejected for a second time Telsystem's demand for an injunction forcing the state-controlled company to lease lines immediately.

Telecom Italia is already facing competition on other fronts. Omnitel-Pronto Italia, an international consortium led by Olivetti, the Italian computer company, is building a rival digital mobile phone network in Italy. Before Christmas, Telecom Italia demanded a reduction in the fee it pays the government for its monopoly over other services, to help soften the impact of competition in the sector. A compromise solution agreed by ministers has not yet been implemented.

Telecom Italia complains that in newly liberalised sectors it is shackled to government tariff structures, while competitors are free to set prices as low as they want. Rivals respond that the old state monopoly is only trying to protect its head-start in customers and infrastructure.

The main problem in resolving such disputes is that the Italian telecoms sector is not governed by a firm regulatory framework, and the government has not enforced strict European Union directives on liberalisation. That has left the old monopoly and its new rivals with no choice but to fight individual cases through various ministerial committees, the courts and bodies like the antitrust authority.

In refusing lines to Telsystem, Telecom Italia says it was following existing Italian rules governing the sector. The antitrust authority said Telecom Italia should have complied with the relevant EU directive. It came into force four years ago and is, in theory, directly applicable, but it has not been incorporated into the national statute book.

Telecom Italia's reply – that "the national operator should not be blamed for [the Italian authorities'] failure to take into account EU norms" – is cold comfort to Telsystem. As Mr Arturo Artom, the company's 28-year-old founder and managing director, puts it: "Thanks to this 'wild west' regulatory structure, Telecom Italia has been able to hold back a competitor for 18 months."

The forthcoming privatisation of Stet, Telecom Italia's parent company, could herald reform. Shares in both Stet and Telecom Italia are already listed in Milan, and the companies have been conducting a vigorous international publicity campaign, to soften up potential investors. The government has suggested that a further tranche of Stet shares will be sold off by the middle of the year, probably reducing the state's holding from 64 per cent to below 50 per cent.

Clarification of the regulatory system is one prerequisite for a successful sale, and could also help attract international partners. However, there are almost as many theories about who should regulate the sector, and how, as there are companies interested in competing. Firm regulation should, in theory, please all potential participants in the telecoms market, but until this happens, it looks like the battle will continue to be fought hand to hand.

New farm commissioner sees no need to 'reform the reform'

Radical CAP change ruled out

By Caroline Southey in Brussels

The European Union's new farm commissioner yesterday strongly defended the recent reforms of the Common Agricultural Policy and ruled out any further radical changes.

Mr Franz Fischler, who succeeds Mr Rene Steichen in the new Commission which takes office on Monday, said in his first detailed comments on the CAP that there was no need to "reform the reform at the moment".

His comments come a few days after the eruption of a heated debate in Brussels on CAP reform, prompted by the publication of four reports calling for radical changes ahead of EU enlargement to the east. The row is an indication of tensions within the Commission which has to agree a position on the implications of enlargement before the end of the year.

The reports, commissioned by Sir Leon Brittan and written by academics from France, Italy, Germany and Britain, argued that CAP reform needed to go beyond that negotiated in 1992 under Mr Ray MacSharry, the then farm commissioner.

But Mr Fischler, strongly defending the achievements of the MacSharry reforms, said that in the third year of implementation "expectations in most areas have been fulfilled and in some cases progress has even exceeded expectations". He added that he therefore saw "no reason for the makers of agricultural policy to start questioning the overall plan again so soon".

Mr Fischler listed the advances EU agriculture had made since the reforms were implemented, citing falling production, particularly in cereals where stocks now stood at 10m tonnes compared with 30m tonnes before.

The set-aside policy, introduced under the MacSharry reforms, had stabilised production, putting the EU in "a good position in terms of our new obligations under the General Agreement on Tariffs and Trade".

Mr Fischler quoted recently released figures showing that farm incomes had improved by 5.7 per cent in real terms last year compared with 1993. Incomes rose everywhere except in Luxembourg and Italy, increasing by 6.7 per cent in Germany.

Although he ruled out radical changes, Mr Fischler said the system needed to be completed and perfected. Setting out his agenda for change, he conceded that the reforms needed to be taken further in some areas such as wine, fruit and vegetables, and sugar.

The sugar system could remain in place "for a few more years", but there were "far-reaching and therefore conflict-laden reforms to be made in the other sectors".

Future changes should be marked by the motto "producing what the market wants", he said. This would mean "less intervention for poor quality products, and structural intervention where unavoidable".

Mr Fischler adopted an optimistic note on the EU's enlargement to central and eastern European countries. On close examination it was clear that everywhere in eastern and central Europe agricultural production continued to decline. It was in the EU's long-term interests to help raise training and qualification levels in those countries.

Farm policy warning, Page 25

US-Ukraine venture to recycle munitions

Matthew Kaminski sees the unveiling of a commercial 'swords to ploughshares' plant

At the small Ukrainian base of Ichnya near the Belarus border, a leading US defence contractor this week unveiled a plant that will turn swords into ploughshares.

Alliant Techsystems, in a joint venture with the Ukrainian defence ministry and a UK metals trading company Rapierbase, unveiled Alliant Kiev, the world's first company devoted to disarming conventional munitions and reclaiming the metals and explosives for profit.

The western partners provide technology, capital and know-how. Ukraine's army provides the arms and labour.

"We've taken a large risk with the amount we've invested here," said Mr Kenneth Jenson, executive vice president of Alliant Techsystems, the largest munitions supplier to the US defence department, "and we expect to get it back."

Mr Jenson said it was intended that the facility would achieve full capacity (and profits) later this year.

The venture signals growing western business interest in Ukraine's large military-industrial and scientific sectors which President Leonid Kuchma, who attended the plant's opening this week, has tried to promote in trips abroad.

Over the next five years, Alliant Kiev plans to destroy 220,000 tonnes of munitions, or about 1,500 rounds of ammunition a day, at six bases across Ukraine.

First estimates indicate Ukraine has about 800,000 tonnes of surplus conventional munitions, which the company hopes will rise as the former Soviet Union's second largest army is reduced. This would keep the conversion facilities open for a decade or more.

Alliant Techsystems, a Minnesota-based company with a turnover of $800m, has invested $15m, underwritten by the US Overseas Private Investment Corporation to cover the business and political risks endemic to eastern Europe.

The US company hopes to franchise the plant's conversion and reclamation process in Russia and the US, with their shrinking armies and growing stockpiles of obsolete weapons.

US munitions stockpiles for demilitarisation exceed 500,000 tonnes. Total Soviet stockpiles stand at around 70m tonnes, and are outdated.

Mr Jenson said the Ukrainian facility will be the first to use high-speed fluid cutting equipment to destroy weapons – and "in an environmentally safe manner" unlike normally used open-air burning, detonation and ocean or land burial.

The byproducts are not wasted. After the cartridges are defused, the propellant is removed by water jet forced through small sapphire and diamond openings under 50,000 pounds pressure per square inch. The casings are then taken apart, with the metal exported for sale on commodity exchanges, while the propellant is converted to fuels or explosives.

Mr Kuchma, a former missile plant director, praised the commercial partnership for creating 1,000 Ukrainian jobs.

Alliant Techsystems has set up a similar joint venture in Belarus, called Belaconvers, to work in parallel with the Ukrainian operations.

French left at odds on poll choice

By David Buchan in Paris

The struggle to become the French Socialist party's candidate for the presidency intensifed yesterday, as one of the three contenders, Mr Lionel Jospin, accused Radical, the little left-wing party brought to prominence by the controversial Mr Bernard Tapie, of trying to dictate the Socialists' choice.

The Socialist party is to hold a February 5 convention to choose a candidate, in the hope that he might come second to Prime Minister Edouard Balladur, the Gaullist frontrunner, in the April 23 first round of voting and therefore make it into the May 7 run-off election, or at least do well enough not to damage Socialist chances in June's municipal elections.

The Socialists' most recent poll result was a miserable 14.5 per cent in last June's European Parliament election, in large part because a list of the party's traditional Radical ally led by Mr Tapie won a surprise 12 per cent.

This has left Socialists deeply divided on the balance of advantage in allying themselves with Radical and Mr Tapie, an undoubted vote-catcher who however now faces personal bankruptcy that may result in his disqualification from elected politics.

Mr Jospin was the first this month to declare his interest in the party's presidential nomination, but after Radical said it would not back his candidacy, Mr Henri Emmanuelli, Socialist party first secretary, and Mr Jack Lang, former culture and education minister, threw their hats into the ring. Yesterday Mr Jospin claimed their "sole motive" was to appease Radical.

By the time the Socialist party's regional federations come to vote on the rival candidates on February 3 – with the result to be declared at the convention two days later – the contest is likely to be just between Mr Jospin and Mr Emmanuelli, because Mr Lang has indicated he may stand down in favour of the party's first secretary.

In contrast to outsiders such as Mr Michel Rocard, deposed as party leader last year, all three Socialist presidential contenders stem from the Mitterrandist "stream" that dominated the party throughout the 1980s. But Mr Jospin, party first secretary from 1981 to 1988, increasingly kept his distance from the scandals of President Mitterrand's second term, though he served as education minister in 1988-92.

Because of this, the professorial Mr Jospin has the backing of many "reformists" in the party as well as several powerful regional federations, such as that in the Pas de Calais area, which with 14,000 members accounts for over 10 per cent of total membership, and the mayors of Socialist strongholds such as Lille, Nantes and Montpellier. The latter fear too close an association with the Tapie movement could endanger their seats in June.

The gruff Mr Emmanuelli presented himself this week as the unity candidate, and has considerable support in the party's national hierarchy, from the Elysée down.

But he has an unfortunate legacy from his 1988-92 spell as party treasurer, in that in March, in the middle of the presidential campaign, he is due to answer charges before a Brittany court of presiding over a system in which local Socialist politicians falsely billed companies for contract "commissions" that secretly ended up in the party coffers in Paris. Mr Emmanuelli's main defence is that all parties did the same.

EUROPEAN NEWS DIGEST

Danish wages deal vetoed

The Danish Employers' Association yesterday vetoed a settlement by a member organisation covering 15,000 warehouse and dock workers and drivers in the transport industry. The agreement, the first of the present wage round, was too expensive, the association said, but the Special Workers' Union said it had no intention of re-opening the wage talks.

The deal would increase wage costs by 5.5 per cent over the two years from March 1, said the employers, while the union said it was worth 7.2 per cent to its members. The government's economic policy is based on the assumption that wage costs will rise by 2.9 per cent in both 1995 and 1996, leading to a deterioration in international competitiveness of just under 1 per cent in 1995. As wage rates in 1995 will rise by 1.5-2.0 per cent from already agreed pay increases, the weekend's settlement, if applied throughout the economy, would lead to a total increase in wage costs of 4-5 per cent this year. *Hilary Barnes, Copenhagen*

Paris students end loans strike

Striking students at the Institut d'études politiques – or "Science Po", the famous political science college in Paris – yesterday voted to return to their classes after administrators agreed to abandon proposals to introduce loans in place of grants to fund their studies. In the first student strike since the troubles of May 1968, an estimated 1,000 students occupied the main lecture hall for four days and three nights this week in a protest against the idea of offering interest-free loans repayable when graduates entered working life. The idea was to launch a programme of loans in place of more than 250 bursaries which are provided from Science Po's own resources each year to cover the nominal FFr5,000 ($943) annual tuition fee for students from low-income backgrounds. The initiative was partly driven by a financial crisis at the college. Students voted overwhelmingly to reject the plan in a show of solidarity which brought classes to a halt and placed considerable pressure on academics to concede to their demands. They resumed their studies yesterday afternoon once the college administrators agreed to entirely abandoned the idea of student loans and set up a working party to develop new proposals by June this year to address the long-term future of the bursaries. *Andrew Jack, Paris*

Turks try to soften harsh laws

Turkey's mainstream political parties yesterday formally presented to parliament a package of constitutional amendments which the government hopes will defuse growing international anger at widespread human rights violations in Turkey. The amendments are supported by 287 MPs from the ruling DYP party, its SHP coalition partner and the conservative Anap opposition party. However, Professor Yavuz Sabuncu, constitutional law professor at Ankara University, said the amendments – which require approval by two-thirds of parliament's 450 members to be adopted – make only superficial changes to the constitution, written by the 1980-83 military junta. No amendment attempts to scrap provisions that seriously curtail basic rights if they are thought to threaten "the indivisible integrity of the state". Human rights workers, Kurdish and left-wing activists are frequently jailed on "separatism" charges. However, the parties propose scrapping a clause that bans appeals against the large body of rules and orders introduced by the military government. To the relief of Turkey's secularists, the Islamic Refah party failed to win support for repeal of a provision forbidding government based on "religious tenets". *John Barham, Ankara*

Bosnians clash on several fronts

Fighting between Bosnian government and Serb forces yesterday intensified on several fronts as both sides ignored the four-month truce agreed on New Year's Day. UN officials reported intensive shelling near Velika Kladusa, in the north-western Bihac pocket. Also yesterday, General Sir Michael Rose, UN commander, failed to end a stand-off with the Bosnian government forces in Tuzla. They have blockaded UN troops in their bases for nine days in protest against the deployment of a Serb liasion officer at the Tuzla airstrip. Under the truce agreement, Serb forces are meant to open access routes to besieged Sarajevo and Bosnian government forces to withdraw from a strategic demilitarised zone south-west of the Bosnian capital. Neither side has fulfilled these conditions or shown any intention to compromise, so there is little hope that the cessation of hostilities will give way to a peace agreeement. Instead, UN officials and diplomats fear that both sides are preparing for war when the winter snows melt.

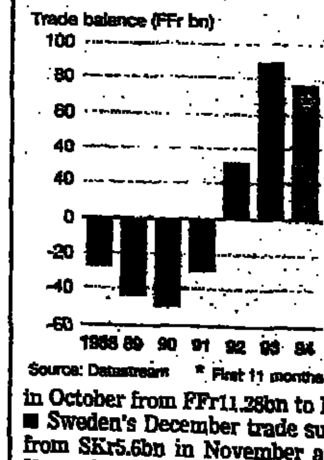
In Geneva, representatives of seven Moslem countries put their concerns over Bosnia to the five-nation Contact Group. It was the first time that the Organisation of the Islamic Conference had formally conferred with the Contact Group. *Laura Silber, Belgrade, and Bruce Clark, Geneva*

EU industry's investment to rise

Investment in manufacturing industry in the European Union is set to rise this year on the strength of increased capacity utilisation and expectations of higher profits, the EU Commission reported yesterday. The Commission expects investment will increase by 9 per cent in volume terms this year after falling by 1 per cent in 1994. Investment is expected to increase by 12 per cent in value after a rise of just 1 per cent last year. The Commission's seasonally-adjusted industrial confidence indicator for the EU rose to plus 7 in December from plus 5 in November and exceeded its previous peak of plus 6 in 1988. Investment in the UK is forecast to rise by 14 per cent in volume terms compared with 11 per cent for Italy, 18 per cent for Belgium, 20 per cent for The Netherlands and 33 per cent for Greece. Investment in Spain is expected to grow at 9 per cent. Investment is forecast to grow by just 2 per cent in Ireland and France this year, by 5 per cent in western Germany and 7 per cent in Denmark. *Peter Norman, London*

ECONOMIC WATCH

French trade surplus narrows



France had a cumulative seasonally adjusted trade surplus in the first 11 months of 1994 of FFr74.96bn £9bn ($14bn), compared with FFr75.34bn in the same period in 1993, provisional customs office data released yesterday showed. The trade surplus in November narrowed to FFr6.89bn because of a sharp rise in the level of imports. Imports rose to FFr105.52bn in November compared with FFr101.81bn in October. Exports were little changed at FFr113.41bn against FFr112.77bn. The customs office has revised the surplus in October from FFr11.28bn to FFr10.96bn. *Reuter, Paris*

■ Sweden's December trade surplus was SKr6.7bn ($893m), up from SKr5.6bn in November and SKr4.9bn in December 1993. Unemployment rose to 7.4 per cent in December from 7.2 per cent in November 1994, though it was down from 8.0 per cent in December 1993.

■ Italian industrial turnover rose 8.2 per cent in October over the year-earlier period. In September industrial turnover showed a 13.3 per cent year-on-year rise, while orders were up 18.8 per cent.

■ Consumer prices in the OECD area, excluding Turkey, rose 0.1 per cent in November after an October increase of 0.2 per cent, the OECD said. Prices were up 2.4 per cent year-on-year compared with 2.6 per cent in the year to November 1993.

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NEWS: EUROPE

After suicide of its president, exchange boss now faces probe

Norwegian bourse hit by new scandal

By Karen Fossli in Oslo

Events surrounding the abrupt dismissal and subsequent death in December of Mr Erik Jarve, the president of the Oslo stock exchange, have taken a new turn with allegations that Ms Elisabeth Wille, the bourse chairperson, may have become involved in a potential conflict of interest between her private law practice and her position on the exchange.

Last month the board dismissed Mr Jarve, alleging that he had abused his position to get a job for a member of his family. Hours later, he was found drowned in a fjord near Oslo. Rumours have been rife in Oslo's tight-knit financial community since Mr Jarve's death and have recently focused on Ms Wille and her role in Mr Jarve's dismissal.

Ms Wille, as board chairperson, said in December that, among other things, Mr Jarve had obtained employment, at the expense of the bourse, for a family member at Logica UK which, at the time, was in negotiations to supply the bourse with a new electronic trading system.

But yesterday it was reported in the Norwegian media that Mr Ulf Samer, a partner in Ms Wille's law firm, was, at Ms Wille's recommendation, engaged by the bourse to provide legal advice during the Logica negotiations.

The reports allege that Ms Wille used her influence as head of the bourse to obtain the contract for Mr Samer. She has denied any impropriety.

Ms Wille has also been accused by a leading opposition politician of undertaking frequent and allegedly unnecessary travel on bourse business on which she was accompanied by her husband. The monies involved, which allegedly benefited her law firm, are estimated at NKr600,000 ($89,600), including travel expenses which Ms Wille charged to the bourse.

Ms Wille has confirmed that Mr Samer was hired by the bourse administration in the autumn of 1993 to advise the stock exchange during the Logica negotiations, and that the appointment had been cleared by the board, and specifically by Mr Jarve. She has denied any wrong-doing.

Mr Samer has also denied any wrong-doing and said he was hired to perform a job for which he had specific expertise.

Mr Roy Halvorsen, a bourse official, said yesterday that all allegations of financial irregularities by Mr Jarve and Ms

Ms Wille has also been accused by a top politician of undertaking travel on stock exchange business that was allegedly unnecessary, and on which she was accompanied by her husband

Wille, together with the Logica contract and the management and control routines of the Oslo bourse, were currently being investigated by two auditing firms which would present their findings at the end of the month to the bourse council, which oversees the bourse board.

In London, Ernst and Young have been engaged by the bourse to undertake an audit of the Logica contract to determine if it contains any costs similar to those which led to Mr Jarve's dismissal.

In Norway, Deloitte & Touche are undertaking an audit of the bourse's management and control routines and is examining allegations of financial improprieties which may be connected with the bourse board and administration. The bourse council will address the findings of the two audits on February 15 at an extraordinary meeting called by Mr Arnt Henriksen, its leader.

Jail accusation widens Spain scandal

Defendant in death squad case alleges that judge is seeking González's downfall, writes **Tom Burns**

Judge Garzón: left the González government last year

Chances that a month-long death squad scandal in Spain which has unsettled the government and domestic financial markets would gradually die down seemed to have been dashed yesterday.

Allegations over the government's involvement in an undercover war 10 years ago against Eta Basque separatists took a serious new turn when Madrid high court magistrate Mr Baltasar Garzón who recently re-opened investigations into the activities of the death squad, was accused by one of the defendants in the case of conspiring to overthrow the prime minister, Mr Felipe González.

The accusation was made from prison by Mr Julián Sancristóbal, a former director general of the Interior ministry. He was remanded in custody, together with two former security chiefs, by Judge Garzón last month on charges linked to GAL (anti-terrorist liberation groups), a mercenary force that in the mid-1980s killed more than 20 people.

Mr Sancristóbal's statements, in interviews with two Madrid newspapers and the government-controlled television network, have raised the scandal to new heights because of their content and because of the circumstances in which they were made.

They have also turned the spotlight fully on Judge Garzón whose celebrity status as a fighter of corruption in Spain rivals that of former Milan magistrate Mr Antonio di Pietro in Italy. But his impartiality in the GAL case has become the subject of increasing controversy.

Opponents of the judge say he returned to the courts because his ambition to become interior minister had been thwarted and that he has taken up the GAL case because of a deeply-felt personal grudge against Mr González.

In his prison interviews Mr Sancristóbal alleged that an associate had told him that

The allegations have turned the spotlight on Judge Garzón who has considerable celebrity status in Spain but whose impartiality has become the subject of increasing controversy

The government, whose survival has been called into question by the revival of the GAL scandal, has been irritated by a string of leaks from Judge Garzón's supposedly secret legal probe and particularly by the fact that the leaks are invariably scooped by the newspaper El Mundo, Mr González's main opponent in the media.

Elected as an independent on Mr González's Socialist party ticket in the June 1993 elections, Judge Garzón resigned his parliamentary seat – and a senior post in the interior ministry – in May last year alleging the government was incapable of curbing corruption.

Judge Garzón had, in the summer of last year, discussed with several people re-opening the GAL case in order to destabilise the political institutions and bring down the prime minister. Mr Sancristobal said he hoped that his informant "would have sufficient courage" to expose the plot to the authorities.

The unfolding detail of the GAL saga has Spaniards rivetted to their newspapers and radios. As it comes to terms with the interior ministry's alleged role in the GAL conspiracy, the public has learnt to live with the "Mr X", the code name given by Judge Garzón to the mysterious ultimate authority behind GAL. Despite repeated forceful denials by the prime minister of any government involvement in the death squad, graffiti in Spanish cities proclaim "X = González".

Now the public has learnt about "Mr Z", the code name for the no less shadowy individual whom Mr Sancristóbal claims is backing Judge Garzón in a plot to sink Mr González.

Opposition parties, together with judiciary associations, have added a third conspiracy to the existing ones: that the government is seeking to discredit Judge Garzón and to ensure that in the increasingly confusing wrangle of accusations, the GAL case will never come to trial.

The storm prompted interior and justice minister Mr Juan Alberto Belloch to insist yesterday that the government respected the independence of Mr Garzón's court and to promise that he would give a full explanation to parliament about the circumstances of Mr Sancristóbal's interviews.

Given the highly charged theorising about plots and counter-plots in Madrid yesterday, the financial markets did well. The Bosla gained slightly in a flat market and the peseta, although still weak, strengthed marginally to Pta86.89 to the D-Mark.

PM's cheap loan angers Greek homebuyers

Socialist Papandreou criticised in society where mortgage rates are prohibitive, writes **Kerin Hope**

The recent admission by Mr Andreas Papandreou, Greece's prime minister, that he accepted interest-free loans from fellow ministers to refurbish a luxury villa stirs deep resentment in a country where rates for housing loans are often described as usurious.

Greece's tabloid newspapers added to the furore by printing pictures of work at the villa, purchased by Mr Papandreou in his wife's name, which they claim will have three swimming pools and a dozen bathrooms.

Mr Papandreou, a socialist, was criticised for extravagance at a time when Greece is mired in recession. He attempted to calm critics by revealing that he borrowed Dr60m ($250,000) from three senior cabinet members and another Dr65m from a Palestinian businessman.

But for middle-class Greeks, struggling with mortgage rates of 22 per cent, the prime minister's privileged access to borrowing seems unfair.

Greece has the highest rate of home ownership in the European Union, with more than 70 per cent of the population owning at least one property. One reason is the dowry system, only recently abolished, which obliged Greek families to provide a home for each daughter when she marries. However, much of the housing stock in Greek cities grew out of a speculative boom 20 years ago and is now rapidly losing its value.

Mr Anastasios Veloudakis, a computer salesman, wants to escape pollution in Athens' Kypseli district by moving to the suburbs but cannot find a buyer for his flat. He says: "Even if we got a reasonable offer, I'd have to finance the next flat with a mortgage at an outlandish real interest rate – about 12 per cent."

Traditionally new housing was financed informally, either by loans within an extended family or through a deal between the owner of an older house and a contractor, who cleared the site and built an apartment block.

The prime minister has been criticised for extravagance at a time when Greece is mired in recession

This arrangement satisfied both sides, with the owner paid in the form of flats in the new block, while the contractor sold the rest.

The government's role in housing has been generally restricted to providing subsidies for rebuilding homes damaged in Greece's frequent earthquakes and making tracts of state-owned land available for private building.

Meanwhile, two state-owned banks retained a monopoly on all mortgage lending.

A commercial housing loan market was launched only in the late 1980s as Mr Papandreou's previous government started to liberalise the banking system.

The socialists decided to make housing loans more widely available to Greeks who lacked the informal financing network of family and friends by ending the state monopoly on housing loans.

However, the mortgage lending market failed to flourish as expected, mainly because the Greek economy started to buckle under the pressure of soaring public sector deficits.

"It's a young market, limited by high interest rates and not much growth in incomes in the past few years," says Mr Stathis Papageorgiou, managing director of Aspis Bank, a small private bank specialising in mortgage lending.

Interest rates are high because of banking inefficiencies and competition for funds from public debt, amounting to 113 per cent of gross domestic product, financed through high-yielding short-term bonds.

The financial outlook is so uncertain that government paper is restricted to 12-month maturities and little medium-term financing is available to commercial borrowers. The mortgage market is also affected by the emphasis on short-term lending with most banks reluctant to offer mortgages of more than 12 years' duration.

As a result, total mortgage lending by Greek banks amounts to only Dr900bn, less than 15 per cent of overall lending. The Mortgage Bank, one of the state-owned mortgage institutions, continues to dominate the market, but is making heavy losses in spite of drastic cuts in new lending.

Mortgage Bank's plunge into the red is not surprising, given that its customers include those hardest hit by the recession: civil servants and small businessmen, granted loans on political as much as financial criteria.

Greece's wealthy and well-connected disdain the income disclosures needed for a mortgage loan. They prefer to dip into their Swiss bank accounts or, like Mr Papandreou, borrow from their friends.

EU banana policy 'perverse and inefficient' says World Bank

By Guy de Jonquières, Business Editor

The EU's controversial banana import policy is costing European consumers $2.3bn a year in artificially inflated prices – $700m more than the national trade restrictions it replaced 18 months ago – according to a World Bank study.

The study says most of the extra cost is in monopoly profits for European companies which market bananas. Little of the money benefits the overseas producers who the EU says the policy is intended to help.

The study is one of the hardest hitting attacks yet on the banana regime, which has already been condemned by a dispute panel of the General Agreement on Tariffs and Trade and is being investigated by the US under its national trade laws.

The study says the system severely distorts competition, encourages black marketeering, restricts the growth of the EU banana market, discriminates against efficient producers and robs inefficient ones of incentives to raise productivity and cut costs.

"In moving to adopt a new unified policy, the EU missed an opportunity to rationalise and improve its distortionary banana policies. Of options open to it, the EU chose one of the most discriminatory and distortionary," it says.

The policy aims to remove obstacles to the EU internal market by replacing national curbs which prevented free trade between member states. It favours bananas from African, Caribbean and Pacific (ACP) countries and overseas territories of France, Portugal and Spain over cheaper "dollar" bananas from Latin America.

The study says the policy has extended to the whole of the EU the most protectionist of the former national curbs. It has raised average EU banana prices 12 per cent and increased costs to consumers in Germany, Belgium, Denmark, Ireland and the Netherlands, where markets were previously open or less protected.

The study strongly disputes EU claims that the policy is sufficiently flexible to allow Latin American imports to exceed the formal quotas imposed on them. It estimates that tariffs would raise the retail price of such imports to Ecu2,332 ($2,868) per ton, almost 30 per cent above the EU average.

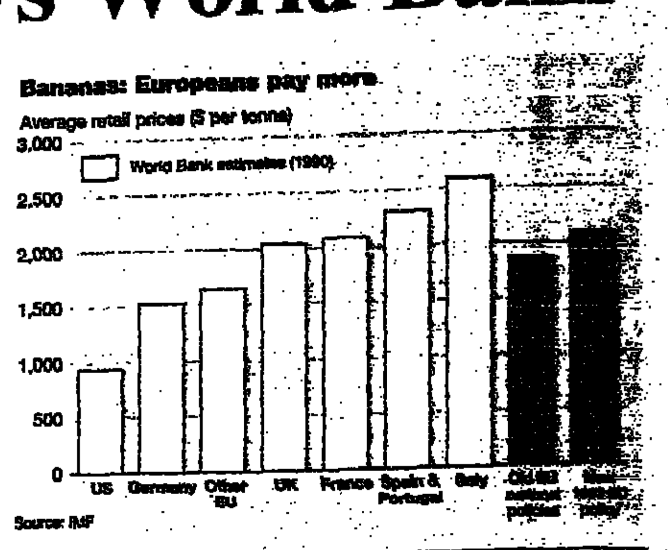
The result would be to restrict potential EU sales of bananas because consumers would refuse to pay such a large premium and would choose instead to buy other types of fruit.

The study says only $300m of the policy's $2.3bn annual cost benefits ACP producers, which have to use up valuable natural and financial resources to qualify for the aid. A steady fall in world banana prices has increased their dependence on the policy and made them less able to compete in a free market.

ACP producers would be better off if the EU abolished its banana policy and gave them direct aid instead, the study says. Alternatively, the EU should limit the distortions caused by the scheme by making quotas transferable.

"The perverse incentives and obvious inefficiencies created under the policy may well turn out to be the seeds of its own destruction," the study says. "When policies are so manifestly bad, public awareness of the problems is . . . generated. Groups adversely affected by the policy will have a strong incentive to lobby against its continuation."

EU Bananarama 111, by Brent Borrell. Policy Research Working Paper 1386, World Bank.



Salinas tries to impress world's trade officials

By Frances Williams in Geneva

Mr Carlos Salinas de Gortari, the former Mexican president, yesterday set out his stall to become head of the World Trade Organisation before ambassadors and senior trade officials in Geneva.

But diplomats said afterwards it was probably "too little, too late" to provide the necessary impetus to break the deadlock in the three-way contest. The front runner remains Mr Renato Ruggiero of Italy, the European Union candidate, with Mr Salinas and Mr Kim Chul-su of South Korea lagging some way behind.

Mr Salinas is the last of the candidates to visit Geneva, home to the WTO, which began work on January 1. At meetings attended by over 100 trade officials, he stressed his qualifications both as a technocrat and experienced politician.

Mexican opposition claims that Mr Salinas bears responsibility for the country's latest financial crisis has clouded his campaign in recent weeks. But Mr Salinas, who has travelled to India, a number of African countries and the Gulf since stepping down as Mexico's president last month, appeared in confident mood yesterday.

Trade officials do not expect progress over the WTO leadership until Sir Leon Brittan, EU trade commissioner, meets Mr Mickey Kantor, US trade representative, in Washington this month.

If the US, which backs Mr Salinas, and the EU cannot come to terms, the only way of breaking the deadlock may be to bring in a fourth candidate able to secure the required consensus. Mr Philip Burdon, New Zealand's trade minister, has said he would be available in these circumstances – but another New Zealander, former prime minister Mr Mike Moore, has also been mentioned.

Meanwhile, trade officials in Geneva have been wrangling over who should chair important WTO committees which will decide trade policy in the organisation's crucial first year.

Always a matter of intense horsetrading, the stakes have been raised by a row over the make-up of the body which will supervise the dismantling of textile trade restrictions agreed in the Uruguay Round of global trade talks. Developing country textile exporters say they will refuse to endorse any committee chairmanships unless the row is settled.

A compromise proposal by Mr Peter Sutherland, interim WTO director-general, has been accepted by exporters but not yet by the European Union, which is under pressure from its own textiles lobby. Provided the dispute is resolved Mr K Kesavapany of Singapore is expected to become chairman of the general council, Mr Don Kenyon of Australia will head the important Disputes Settlement Body, and the councils on goods and services will go respectively to Japan and Sweden.

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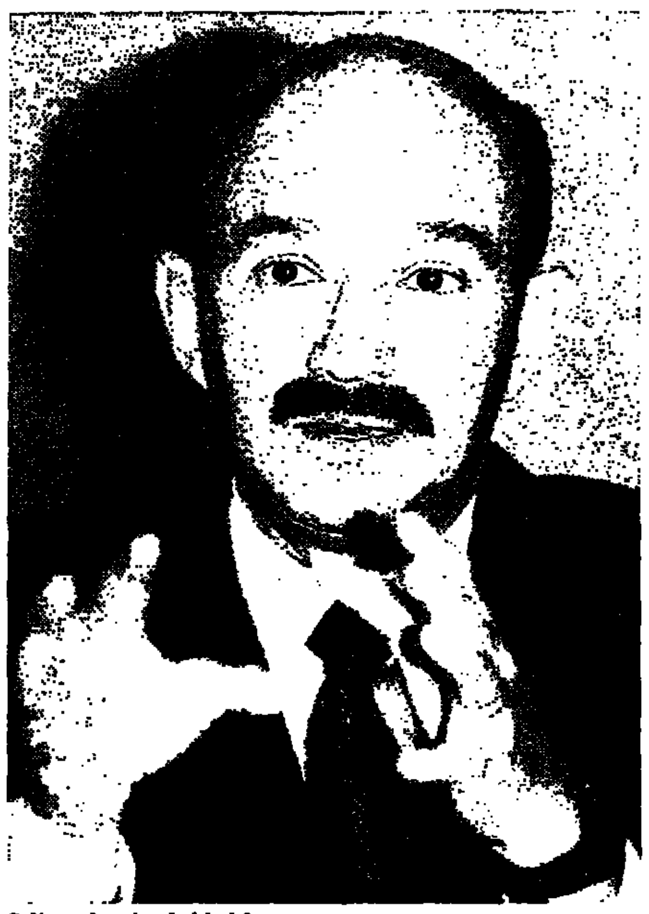

Salinas: lagging behind frontrunner

Canada proposes new trade grouping

By Bernard Simon in Toronto

Countries seeking to broaden trade liberalisation should move towards a new grouping which would transcend regional trading blocs but contain a more like-minded membership than the World Trade Organisation, according to proposals put forward by Canada.

Describing the initiative as "a kind of WTO-plus", Mr Roy MacLaren, trade minister, told the University of Toronto Centre for International Studies: "Membership in such a grouping would depend not on region, but on a willingness to commit to more intensive, more comprehensive rules-based trade and investment."

His suggestion was greeted with scepticism. An attempt to create a "Gatt-plus" group failed in the early 1980s.

Some observers noted that the most likely members of a "WTO-plus" would be rich industrial countries and some fast-growing Asian and Latin American economies, risking a wider rift between rich and poor countries. Mr MacLaren said the plan was designed to provide a bridge between emerging regional blocs in Europe, North and South America, and south-east Asia.

He said it was unrealistic to assume that the WTO's 100-plus members "could in unison liberalise sufficiently to catch up to the regional blocs; it would be equally unrealistic to assume that the regional blocs would willingly open themselves up to the rest of the world on a strict, most-favoured-nation basis."

WORLD TRADE NEWS DIGEST

Ukraine backs new oil terminal

Ukraine's parliament yesterday approved construction of a 40m tonne capacity oil terminal on the Black Sea. The Odessa terminal, replacing an old 4m capacity tonne structure, would help lessen Ukrainian dependence on Russian oil imports. Ukrainian officials said the oil would be delivered via Turkey's Samsun port from Iran. Environmental groups had objected to a new terminal near popular beach areas on an already heavily polluted Black Sea, citing concern about leakage from the terminal and the impact on dwindling fish stocks. The costs, initially set at around $257m over the next 16 months, will be covered by an unnamed western commercial investor.

■ JKX Oil and Gas, a UK partner in an oil production joint venture in north-eastern Ukraine, this week provisionally agreed on a $6m loan from the European Bank for Reconstruction and Development. The loan, to support the Poltava Petroleum Company, the UK-Ukrainian joint venture which has completed four wells on the Novo-Nikolaevskoye field, would be the first private investment in Ukraine to receive support from a big western bank. *Matthew Kaminski, Kiev*

■ Bayer, one of the big three German chemicals manufacturers, will create its second joint venture in China to make disperse dyestuffs. The company will take a 75 per cent stake in the Bayer Wuxi Dyestuff Company, alongside the Wuxi Dyestuff Factory which will hold the remaining 25 per cent. Around $18m will be invested in the new company which will initially produce about 2,600 tonnes of dyestuffs for the textile industry. Bayer has sales of more than DM500m ($327m) in China and Hong Kong. *Michael Lindemann, Bonn*

■ Kuwait Airways is negotiating with Boeing of the US to change its order for three Boeing 747-400s, due for delivery next year. The airline has not stated which aircraft it hoped to replace the 747-400s with. *Reuter, Dubai*

■ Santa Fe, the US oil company and the operator of a Korean-Japanese-US consortium, yesterday signed a contract to explore and exploit crude oil in Ecuador's Amazon region. The consortium, comprising Nippon Oil of Japan, Yukong of Korea and Korea Petroleum has total assets of $35bn and pledges to invest $30m in the exploration phase only. The consortium's participation in sales revenue will vary according to the amount of exploitable oil discovered. *Raymond Colitt, Quito*

■ The China Non-Ferrous Metals Industry Corp has signed a contract with Huang International Holdings (HIH) to set up the country's biggest aluminium joint venture. The venture, Yellow River Aluminium Industry, will have a total investment of $180m; 49 per cent from HIH, an investment company owned by an American Chinese, and 51 per cent from Lanzhou Aluminium Factory. *Reuter, Beijing*

Australia sounds out Cuban mining potential

By Pascal Fletcher in Havana

Cuba holds potential for significant Australian investment, especially in mining, the Australian foreign minister, Mr Gareth Evans, said in Havana yesterday after meeting President Fidel Castro.

An Australian company, Western Mining Corporation, is negotiating details of a major nickel mining venture whose broad terms were agreed last September.

Mr Evans said his country would follow a two-track policy towards Cuba that would foster economic relations while encouraging Cuba to improve its human rights record. This distances Australia from the position of the US, which maintains an economic embargo against Cuba.

The Western Mining project, estimated to be worth least $500m, will assess and, if viable, develop a big nickel laterite deposit in eastern Cuba. The project foresees possible construction of a nickel/cobalt refining plant in Cuba. The Pinares de Mayari West deposit is estimated to contain more than 200m tonnes of ore at grades of more than 1 per cent nickel and 0.1 per cent cobalt.

Western Mining will fund a drilling programme, metallurgical test work, and the feasibility study. The drilling programme could start in a matter of months. The investment could be one of the biggest by any foreign company in Cuba. Under the joint company, the Western Mining share will be 65 per cent, which exceeds the 49 per cent normally allowed to foreign partners.

Several Canadian mining companies – including Sherritt, the nickel and cobalt producer – have unveiled plans or joint ventures in Cuba recently, and others are believed to be seeking a foothold there.

The growing foreign interest has prompted Cuba to draw up a new mining code, establishing state ownership of the country's sub-soil, mines and mineral resources, and regulating the granting of concessions. Cuba is relatively rich in resources and some estimates suggest that it may have over one tenth of the world's known nickel resources.

Mr Evans also raised with the Cuban authorities the issue of an outstanding debt of around A$17m owed by Cuba for sugar harvesting equipment. The unsettled debt would not help efforts to boost the modest level of bilateral trade, he said.

Russia, Kazakhstan to build oil link to Black Sea

By Robert Corzine in London and Chrystia Freeland in Moscow

Russia and Kazakhstan yesterday agreed to build the first stage of a pipeline to link the vast energy reserves of Central Asia with western markets.

The deal confirms the Russian government's determination to influence developments in the oil sector of the entire former Soviet Union.

It also means that Russia, which has been increasingly insistent on participating in big oil and gas projects throughout the Caspian region, will have a strong voice in the future development of Kazakhstan's oil industry.

Yesterday's agreement covers the construction of a $400m section of the Caspian pipeline which will eventually link Kazakhstan's huge Tengiz oil field with a new Russian oil export terminal on the Black Sea.

But it did not include Chevron, the US oil company which has spent $600m developing Tengiz.

Chevron has complained that it was asked by Russia, Kazakhstan and the Oman Oil Company, the three members of the Caspian Pipeline Consortium, to provide most of the financing for the project, although it would only receive a minority stake in the pipeline. It also objected to the presence of Oman Oil Company in the consortium.

The first phase of the project includes the construction of a 250km pipeline from the Russian city Kropotkin to a new coastal terminal north of Novorossisk, the main Russian Black Sea export terminal. It is expected to be opened in 1997.

Consortium officials say the first phase will be self-supporting and not dependent on oil from Tengiz. Russia has agreed to ship 9m tonnes of oil a year through the pipeline, enough to make it economically viable.

They say the pipeline will help remove bottlenecks from the existing Russian system and boost Russian exports. It will also decrease Russian dependence on pipelines and warm water ports in Ukraine. Earlier this month, a row between Russia and Ukraine over transport fees brought oil exports through the Druzhba pipeline, which runs through Ukraine, to a halt.

Some oil from Kazakhstan will also be exported via the new pipeline. The officials say it will have sufficient excess capacity to absorb the output from Tengiz once agreement is reached with Chevron, although no formal talks are planned in the near future.

Oman Oil will arrange the finance for the project. An official said the company would make an equity contribution, but it expects to raise most of the funds from international banks.

INTERNATIONAL NEWS DIGEST

Mideast airlines 'likely to merge'

Excess capacity and increasing competition among Middle East airlines are likely to result in greater co-operation and the merger of airlines in the region, Kuwait Airways chief financial officer Bader Malallah said yesterday. "There is no way Middle East airways can continue to compete against each other. In future I see the regional airlines concept will be developed. . . I see four or five regional airlines in the Middle East," he said. Addressing an air finance conference, Mr Malallah said Middle East airlines faced a tough and uncertain future. They were adding more capacity to their fleets than traffic demand required, which was forcing down yields and putting upward pressure on operating costs. According to Mr Malallah, Middle East aircraft were operating at about 48 per cent of capacity. *Reuter, Dubai*

Moslem security threat talks

Interior ministers from France, Italy, Spain and Portugal will meet some of their Mahgreb counterparts in Tunis today to consider the security threat presented by the Algerian crisis, the spread of Moslem fundamentalism and immigration. The meeting, with ministers from Tunisia, Morocco and Algeria marks the first high-level meeting between the two sides since the late 1980s. The meeting was announced last December by Mr Alain Lamassoure, French European affairs minister, on a visit to Tunis, but gains urgency in the light of the Christmas Eve hijacking of an Air France aircraft by Algeria's Armed Islamic Group. The crisis brought Algeria's bloody conflict to Europe's doorstep. *Roula Khalaf, London*

Angola finance minister sacked

Angolan President Jose Eduardo dos Santos has sacked his finance minister and replaced him with a provincial governor, state media reported yesterday. No reason was given for the sacking of Mr Alvaro Craveiro and his replacement by Cabinda governor Augusto Tomas, although Mr dos Santos has been heavily critical of the poor performance of the war-burdened Angolan economy. Despite a shaky November 20 peace pact between the Luanda government and Jonas Savimbi's Unita rebels, military analysts say the Angolan military is still bolstering its stocks of arms and other military equipment, mostly paid for in hard currency. The government's economic reform programme, launched last March, has made little headway and inflation is soaring. *Reuter, Luanda*

Six die in Nigerian oil rig blast

Six people were killed, four are missing and 20 injured by a gas explosion and fire on Wednesday afternoon at an offshore platform in Mobil's Ubit oil field off eastern Nigeria. The accident happened 34km south of Mobil's Kwa Iboe terminal. The platform, operated by Buoygues of France, was connecting a new pipeline to a production platform. The fire was quickly put out. The Ubit field produces 85,000 barrels of oil a day, 20 per cent of Mobil's output in Nigeria, where Mobil is the second largest producer. *Paul Adams, Lagos*

UN agrees ban on landmine use

By Frances Williams and Bruce Clark in Geneva

A United Nations conference will today agree to ban the use of plastic land mines, which are very difficult to detect, and restrict the sowing of "long life" mines that remain deadly for many years.

The ban aims to reduce the human toll of the mines, which kill 800 people a month. But it falls far short of the ban on manufacture urged by the International Red Cross and voluntary groups. Most countries insist the mines are an indispensable means of self-defence.

The conference follows a UN report on anti-personnel mines which describes them as "one of the most widespread, lethal and long-lasting forms of pollution we have yet encountered" and warns that the battle to control them is being lost.

More than 110m land mines have been sown in 64 countries, and the number is growing at an annual rate of between 2m and 5m, while only 100,000 mines are taken out of action every year. The UN estimates that clearing the land mines already in place could cost as much as $33bn.

The cost of treating and rehabilitating amputees has placed a huge burden on countries struggling to recover from war.

The Geneva conference was the last in a series of consultations before a UN meeting in Vienna this autumn at which new rules on land mines – replacing the ineffective regime now in force – will be adopted.

Under the new rules, the use of long-lasting or "dumb" mines will be restricted to clearly demarcated areas from which civilians have been warned away. Any other mines must be equipped with "self-destruct" mechanisms so they pose no danger to civilians when hostilities are over.

The new regulations are also expected a specify a minimum amount of metal which mines must contain, to ensure they can be detected, and they are likely to extend restrictions on mine use to internal as well as international conflicts.

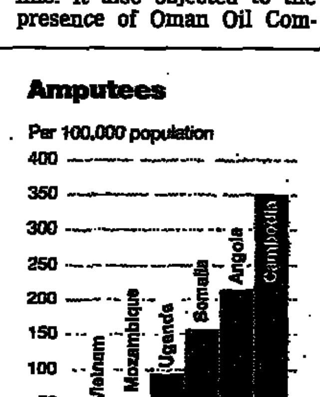
It remains unclear, however, whether the revised treaty will include restrictions on the international trade in mines.

The US has been promoting a voluntary system of restrictions on mine exports which would operate outside the auspices of the UN. Washington says that incorporating restrictions on trade in the UN document would put some countries off signing it.

China opposes any mention of international transfers in the UN convention, arguing that trade curbs are a separate issue from humanitarian standards.

With US encouragement, most of the leading western countries have declared a unilateral moratorium on mine exports for a limited period. Britain has given an open-ended promise not to export long-lasting devices, while reserving the right to sell self-destructing ones.

This week's UN conference has also agreed in principle to ban the use of laser weapons designed to cause blindness. These armaments have yet to be developed but experts say they could be produced within a few years.



Israel seeks to reassure PLO on new settlements

By Julian Ozanne in Jerusalem

Israel, seeking to break the deadlock in stalled peace talks, told the Palestine Liberation Organisation yesterday it backed a freeze on planned public construction of new Jewish housing in the occupied West Bank.

The announcement appeared to put an end to speculation of a massive new programme of public building, leaked from the housing ministry earlier this week.

At a meeting on the Israel-Gaza border Mr Yitzhak Rabin, Israeli prime minister, also told PLO chairman Yassir Arafat he was committed to implementing the next stage of the process, which involves an Israeli troop redeployment from the West Bank ahead of Palestinian national elections.

Mr Rabin said Israel would only confiscate further Arab lands to build four bypass roads in the West Bank, aimed at facilitating the troop redeployment and, after months of delay, would release Palestinian prisoners soon.

The Israeli commitments come at a time when hopes for reconciliation between Arab and Jew are at their lowest point since the signing of the peace accords in September 1993.

Several senior PLO officials have called for a suspension of the peace process until Israel allays fears that it intends to consolidate the grip of Jewish settlers in the West Bank and fragment Palestinian territory to foil the possibility of a geographically contiguous Palestinian state.

After the meeting Mr Arafat tried to play down the row over the latest settlement dispute but said he was neither satisfied nor dissatisfied with what Mr Rabin had told him. "We discussed in depth the confiscation of land, building of new settlements and Mr Rabin clarified his position," he said. "I think we should continue to co-ordinate between us."

Mr Rabin's assurances followed a pledge he made late on Wednesday to the left-wing Meretz party, his key coalition party, that the settlement freeze would be approved by the cabinet on Sunday.

Mr Rabin also told Meretz his government did not have any ambition of creating a "Greater Jerusalem" encompassing blocks of settlements in a 20 kilometre radius of the city.

Palestinian officials said Mr Rabin's statements fell short of demonstrating a real commitment to the peace process because they left open government completion of settlements under way before the 1992 election brought Mr Rabin to power, massive settlement expansion by private funds and the continued government approved build-up of Jewish settlement in occupied Arab East Jerusalem, which the PLO claims as its future capital.

Many PLO officials and several senior Israeli politicians believe that unless the government squarely faces the issue of abandoning Jewish settlements now, the peace process is unworkable. But Mr Rabin said yesterday his government would not uproot a single settlement during the interim period, which could last until 1998.

Neither Mr Arafat nor Mr Rabin released details on any progress on Israeli troop redeployment from the West Bank. PLO officials say Mr Rabin has consistently tried to wriggle out of Israel's promises to withdraw militarily from Palestinian towns by saying it would endanger the security of the 120,000 Jewish settlers in the West Bank.

ASIA-PACIFIC NEWS DIGEST

China to curb cash inflows

China plans to curb the inflow of "hot money" seeking to profit from high domestic interest rates, according to Mr Zhu Xiaohua, the vice governor of the People's Bank of China, the central bank. Mr Zhu, who is also director of the State Administration of Foreign Exchange Control, said a surge of speculative funds entering China was complicating the central bank's monetary policy.

He said the government was revising laws to eliminate loopholes that were being exploited by speculators transferring funds to China in the guise of investment capital. Banks would be required to "strengthen checks on payments to prevent the fraudulent purchase of foreign exchange". Officials say the introduction last year of a new foreign exchange trading system had provided fresh avenues for speculation.

Interest rates on local currency deposits range between 11 and 15 per cent. The yuan has appreciated against the dollar by about 3 per cent since the beginning of last year. *Tony Walker, Beijing*

Threat to Qian's London visit

Mr Qian Qichen, China's foreign minister, may cancel his proposed visit to London this year because of a row over the transfer of information on civil servants, a senior Beijing official has warned. At the end of last year Mr Qian confirmed his plans to visit the UK, but no date was set.

China has been seeking information on civil servants including "integrity checking" and nationality or residence status. The Hong Kong government says the details are either not available or, in the case of information on nationality applications, may not be disclosed under UK law. Mr Wang Guisheng, head of the Chinese Foreign Ministry's Hong Kong and Macao Affairs Office, said the Hong Kong government's refusal to hand over data would not have a positive impact on Mr Qian's UK visit and proved it was not an appropriate time to schedule such a meeting. *Louise Lucas, Hong Kong*

Japanese recovery picks up

The pace of Japan's gentle economic recovery is starting to pick up, with a rise in money supply helping to fund increased industrial production, according to the latest economic data.

The main official measure of liquidity, M2 plus certificates of deposit, expanded by an annualised 2.9 per cent last month, a slight acceleration from 2.7 per cent in November, the Bank of Japan announced. The Ministry of International Trade and Industry meanwhile revised upwards its industrial production estimate for November. It now says output rose 3 per cent from October, against the provisional 2.7 per cent.

However, corporate Japan is not yet out of trouble, the latest bankruptcy figures suggest. The number of companies to go bankrupt fell in 1994, for the second year running, but those blaming their demise on recession hit a record.

Teikoku Databank, a credit research agency, yesterday reported 8,799 recession-caused bankruptcies in 1994, a 3.1 per cent rise. That was from a total of 13,963, marginally up on 1993. But debts left behind by failed companies fell 18 per cent to Y5,499bn (£35.2bn), the third consecutive year of decline. *William Dawkins, Tokyo*

S Korean party head ousted

The chairman of South Korea's ruling Democratic Liberal party was yesterday forced to resign in what was considered a move by President Kim Young-sam to tighten control over the party. The president, who heads a liberal faction in the DLP, wants to reduce the dominance of two conservative factions that were aligned with the former military government.

The resignation of Mr Kim Jong-pil may cause a split in the DLP, since he is threatening to start a new political group. But analysts believe he is unlikely to attract many MPs from the ruling party. Mr Kim Jong-pil was a leader in the 1961 coup that brought the military to power and in 1987 established a right-wing party, which merged with the government in 1990. He was appointed party chairman in 1993 in an attempt by President Kim to appease conservatives. *John Burton, Seoul*

NZ worry over nuclear waste

New Zealand expressed concern yesterday over reports that a ship carrying high-level nuclear waste might sail through the Tasman Sea and said it was contemplating action against it. A spokesman for Mr Don McKinnon, foreign minister, said he was aware of reports that a ship containing plutonium waste would sail from France to Japan in February. "The minister is of course concerned to hear about this, and is considering what action our government might take," he said.

He was commenting on statements from the opposition Labour party and the environmental group Greenpeace, both opposing the shipment. *Reuter, Wellington*

■ A Hawaiian jury ordered the estate of the late Philippine President Ferdinand Marcos to pay $750m (£480m) in compensatory damages to 10,000 dissidents said to have suffered atrocities under his rule. *Reuter, Honolulu*

■ Pakistan's official National Credit Consultative Council, which sets credit and monetary targets, said it was concerned over a rapid rate of monetary expansion and urged the government to cut bank borrowing. *Reuter, Karachi*

Japanese wonder what to do next

Emiko Terazono on the quake's aftermath

An empty noodle shop in Sannomiya, Kobe's central shopping and entertainment district, suddenly caught fire yesterday. The blaze, one of many newly to ignite and hamper earthquake relief efforts, quickly consumed 10 surrounding buildings.

Later in the day, police and the Self Defence Forces (SDF), Japan's military, tried to clear some of the damage in the district, where the walls of Daimaru, a department store, fell on the main road and a Sakura Bank branch stood lopsided. An alarm in one of the collapsed buildings rang in the distance.

Most of the initial fires ignited by Tuesday's quake had been damped by yesterday. In Minatogawa, a district next to Sannomiya, firefighters were trying to kill the last of the flames which burnt down a whole block. Shop signs, melted and mangled from the heat, were strewn about, while a blood-covered towel was discarded nearby. Dust and smoke filled the air, swept up by the cold wind from the sea which had earlier fanned the flames.

Residents returned sporadically to their homes to assess damage. The only means of transport for many was two feet or two wheels.

Construction workers tried to overhaul parts of the elevated Hanshin Expressway collapsed on to Route 43, the main road between Osaka and Kobe. The damage has blocked part of the road, forcing traffic to follow other routes and causing severe jams.

KOBE

Although trucks, cranes, power shovels and workmen gathered, nobody seemed to know what to do with the giant concrete structure on its side, and the massive uprooted pillars, their steel foundations exposed. "It just shows how wrong everybody was about our buildings and roads," said a construction worker awaiting instructions.

From under the destroyed expressway, trucks which had been mashed into slabs of metal were pulled out. Some workers climbed the structure using cranes, but quickly came down as an aftershock hit.

Congestion on the main roads from Osaka into Kobe eased somewhat yesterday as road blocks restricted entry to ordinary cars. SDF vehicles and trucks and motorbikes carrying emergency supplies sped down the streets to Kobe.

Roads leading out of the Kobe area to Osaka, however, were jammed by a mass exodus of Kobe residents trying leave the city to stay in hotels or with relatives. Many people without cars set out by foot or bicycle to Nishinomiya, 10km away, from where the trains have started to run.

But for the people without any other place to flee to, it meant another night in a civic centre or school auditorium. Lack of sleep, food and water took its toll on many evacuees. Squabbles over water and food supplies broke out in several evacuation sites. "It's not fair if some people have big tanks and others only have pots and small bottles for the water," cried a woman in a queue.

And while emergency supplies arrived by trucks from throughout the country, many people blamed the government for its slow reaction. "What are we paying taxes for?" asked a woman sitting in her car in Nishinomiya. "Isn't it for times like this?"

'Just-in-time' production disrupted

By Michiyo Nakamoto in Tokyo

Toyota, Japan's largest car maker, yesterday extended assistance to its suppliers hit by the earthquake and halted production at all plants for today.

TOYOTA

The company sent about 200 of its employees to suppliers which were forced to stop production because of Tuesday's earthquake in an effort to help them resume operations. Most went to Daihatsu, a maker of small and commercial vehicles in which Toyota has a 16 per cent stake. Daihatsu makes about 216,000 vans, wagons and small cars a year for Toyota.

Daihatsu's plant in Itami, northern Osaka, had to halt production when equipment stopped automatically or was thrown out of place by the quake. The Itami plant's building was not damaged, so efforts could be concentrated on returning the equipment to order, Daihatsu said.

Toyota employees were also at hand at Sumitomo Electric Industries, Japan's largest maker of electric wires and cables, whose Itami plant had equipment damaged, and Fujitsu Ten, a maker of car audio equipment.

The Sumitomo plant, which makes brake components for Toyota, had been out of operation for two days but was able to resume operations yesterday morning, Sumitomo said.

Toyota said it would halt production at all its 28 plants, including those of affiliates, for three shifts from last night to allow emergency vehicles smooth access to devastated areas. Vehicles trying to deliver supplies to the company's plants as well as those delivering Toyota's own finished vehicles could impede the transport of relief supplies, Toyota said.

But the difficulty of securing supplies from Sumitomo and Fujitsu Ten was a big factor affecting production at Toyota after the earthquake. The car maker admitted that its just-in-time manufacturing method, which calls for keeping the inventory of components at very low levels, meant production was more vulnerable to supply shortages triggered by such disasters.

However, Toyota procures supplies from a number of companies and the disadvantages of having a low inventory level in an emergency is only one aspect of the just-in-time system which does not affect its overall merits, Toyota said.

The impact the plant closures are likely to have on Toyota's output, at about 20,000 vehicle units, is not significant by the company's standards.

Kobe residents queue for water from a tanker truck yesterday EPA

Building standards queried

. . . and not always adhered to, reports **William Dawkins**

Most Japanese had thought their roads, railways and modern buildings were invulnerable to earthquakes, until the Kobe disaster struck. That confidence has now been replaced by an urgent reassessment of construction standards.

Already, the construction and transport ministries have launched reviews of road and rail building codes, after the collapse of overhead motorways and Shinkansen express rail track, which had been reported by Japanese experts to be immune from shocks like last year's Los Angeles earthquake.

The first assessments from engineers on the spot suggest that the effect on road and rail was much worse than expected, while buildings performed more or less as anticipated. More than 21,000 buildings were destroyed or damaged, around one in 20 of all buildings in the Kobe area, according to preliminary official estimates.

Dr Charles Scawthorn, vice-president of EQE International, a quake damage consultancy, who happened to be visiting Osaka for a conference on earthquake preparation when the quake hit, points out that most of the buildings destroyed were built before the 1960s, after which Japanese construction companies started using shock absorber foundations and high-performance ferro-concrete. Even solidly built pre-1960s buildings collapsed or were damaged, noted Dr Scawthorn.

EQE assessed the damage from last January's Los Angeles quake for the US government. The Kobe jolt, at 7.2 on the Richter scale, was much larger than the Californian quake, with a magnitude of 6.6. To make matters worse, central Kobe is more densely built than Los Angeles and sits right on top of the geological fault that caused the quake, rather than to one side.

CONSTRUCTION

Traditional wooden frame houses were the most vulnerable of all. Several thousand of them either collapsed under their heavy ceramic roof tiles, while whole blocks were burned. This type of building is common in the centre of many Japanese cities, including Tokyo. It is a sad irony that these old houses and the maze of narrow lanes between them are one of the few things that lend a touch of charm to otherwise uniformly ugly Japanese cities.

Modern buildings, constructed to standards in some ways more exacting than US ones, appeared to have survived well. Unfortunately, points out Dr Scawthorn, most existing buildings, as in the US, do not conform with modern construction codes. Pictures of Kobe yesterday made the point, with surviving buildings standing as lonely landmarks in a desert of smoking ash.

The technical reason for the collapse of overhead motorways is still unclear, given that Japan introduced supposedly earthquake-proof road building standards in 1971, using the evidence of the San Francisco earthquake of that year, and tightened them further in 1980. Some sections of expressway which keeled over were pre-1971, others were opened only last April, say observers.

Japan started upgrading its motorways further, after another Californian earthquake in 1989. But the area around Kobe and Osaka was left out of that programme, says Dr Scawthorn. It was not thought to be at risk, since the last big quake recorded in Kobe was in 1596. He noted that expansion joints at several road bridges also failed, just as they did in the 1989 Californian quake.

One expert, Prof Masanori Hamada of Waseda University's science and engineering department, believes ground liquefaction may explain why a 650-metre stretch of the Kobe-Osaka expressway collapsed. Sandy or damp ground turns into a near-liquid when shaken, so it may be that the motorway pillars simply capsized in the mush, he speculates. Sludge on the ground nearby suggests there was liquefaction

Extensive liquefaction took place in Kobe port, on reclaimed land, causing quay walls to collapse, allowing the sea to seep in, turning the ground surface into muddy soup.

Capital prepares for the big one

By Gerard Baker in Tokyo

Across Japan, grief at Tuesday's disaster has begun to give way to fears about the next one. Japan is the world's most earthquake-prone country but until this week, even in the most vulnerable regions, the population has been ill-prepared for such an emergency.

The area most at risk from seismic activity is the Kanto plain, with Tokyo at its heart. The capital sits on top of three tectonic plates that move against one another constantly, heightening the risk of a massive earthquake.

TOKYO

A quake has occurred with near-precise regularity every 70 years for the past three centuries. The last, which killed more than 140,000 people, was in 1923 and another is thus overdue.

Yet despite official warnings on the risk and disaster prevention measures, people had been remarkably complacent. Few bothered to take the annual Disaster Prevention Day activities seriously and fewer sought to find out what they were supposed to do in the event of an earthquake.

Not any more. The most tangible demonstration of the change was the near-panic buying of earthquake emergency kits in the city's main department stores. These packs contain emergency water and food supplies, torches, radios, first aid kits and hard hats, all contained in a fireproof bag. Deluxe varieties include stoves with solid fuel that retail for Y20,000 (£128). Usually for the conscientious only, this week they have become de rigueur for all.

Leading Tokyo department stores reported that they had sold their complete stock of kits within hours of the Kobe earthquake. At the Seibu store in the Ikebukuro district, the emergency supplies department received more than 100 calls in the first 30 minutes of trading on Tuesday. By the end of the day customers had snapped up the entire stock.

A manager at the Takashimaya store, the Harrod's of Tokyo, where decorum is usually the watchword for customers, said: "They just rushed to the disaster prevention corner and at one stage the whole area was full. We are still getting enquiries, but we have nothing left on the shelf."

It was expected to be two weeks before new stocks arrive, as manufacturers were having difficulties meeting demand.

Unable to get their hands on official kits, anxious buyers were grabbing everything they could to create their own. Supermarkets reported a jump in sales of bottled water, tinned biscuits, vacuum-packed rice, wall-braces to hold furniture, and gas masks.

Meanwhile, insurance brokers reported a surge in demand for insurance policies. Insuring property against quake damage is prohibitively expensive and not automatically attached to fire insurance, and many Japanese have preferred to chance it. In Kobe only 3 per cent of the population had any coverage at all. In Tokyo, where an earthquake is widely regarded as virtually certain in the near future, the figure is only 16 per cent.

But yesterday, householders were demanding to know how much earthquake coverage they could buy. "We have never had so many calls in one day," said one broker.

There was a rare tension among Tokyo-dwellers, whatever the cost to their dignity. "Customers are actually trying on helmets and padded hoods and buying enough for their families," said the Takashimaya spokesman. "It's the first time I've seen people looking so serious."

Fears ease for high technology sector

By Gerard Baker in Tokyo

Contrary to early fears, there were signs yesterday that most of Japan's sensitive high technology industries had experienced some disruption but no long-term damage to their operations in Tuesday's earthquake.

The area of western-central Japan, centred on Osaka and Kobe, is home to a significant proportion of the country's most advanced semiconductor and liquid crystal display (LCD) manufacturing. In the immediate wake of the disaster, concern was widespread about the safety of the operations, but yesterday an official at the Electronic Industries Association of Japan said that though some uncertainty remained about the overall extent of the damage, its members had reported that most facilities were intact.

Semiconductor and LCD manufacture requires the use of "clean room" conditions. Production takes place in air-tight spaces - the slightest cracks in walls and ceilings can corrupt the atmosphere and halt manufacturing. LCD production also makes extensive use of active matrix systems, precision machinery which can be moved out of alignment at the slightest jolt.

ELECTRONICS

But most semiconductor production in the region is far enough away from the area of maximum impact of the quake not to have been affected. Toshiba's plant at Yokaichi near Nagoya, Mitsubishi Electric's facility on Shikoku island and Rohm's factory at Kyoto were all operating normally.

LCD production, however, is concentrated in the earthquake-hit area. Mr Joseph Osha, electronics industry analyst at Barings Securities in Tokyo, estimated yesterday that a third of the country's entire output by value of LCD units came from three plants in the region: Toshiba's joint venture with IBM in Himeji near Kobe; Sharp's Tenri production facilities in Nara; and Hosiden's Kobe factory.

Sharp and Toshiba both reported that their production had not been immediately affected, although a Toshiba official said it was too early yet to judge whether manufacturing equipment has sustained any damage. But a question mark remained over the extent of damage to the Hosiden facility. The company said production had been stopped by the quake but was expected to resume functioning when local conditions returned to normal.

"Only Hosiden seems likely to be off-line for any period, which is unlikely to have a serious impact on the industry in general," Mr Osha said. All companies, however, reported distribution difficulties.

NEWS: THE AMERICAS

US demand fuels bigger trade deficit

By Michael Prowse in Washington

The US trade deficit rose to \$10.5bn (£6.7bn) in November, well above market projections, providing further confirmation that robust growth of domestic demand is fuelling a rapid deterioration of the balance of payments.

A deficit of \$15.6bn in trade in goods was partially offset by a \$5bn surplus in trade in services.

The figures indicate the US is likely to register a deficit on trade in goods alone of more than \$150bn in 1994, equalling or exceeding the previous record of \$152.1bn in cash terms set in 1987, although smaller relative to gross domestic product than the peak deficits of the 1980s.

Some analysts expect a further deterioration of the US balance of payments this year despite a competitive dollar and faster growth in Europe and Japan. J P Morgan, the New York bank, is projecting a US current account deficit of \$178bn (2.5 per cent of GDP) this year against \$154bn (2.3 per cent) last year.

The increase in the November deficit from a revised \$10.1bn in October reflected a 2.5 per cent increase in imports to \$71.7bn, a record in cash terms, only partly offset by a 2.2 per cent increase in exports to \$61.2bn. Forecasters had been expecting a deficit of about \$9.6bn.

If continued in December, the trade deterioration could result in slower GDP growth in the fourth quarter than previously expected, although growth will probably still be more than 4 per cent at an annual rate – well above the pace thought compatible with stable inflation.

The growth of the deficit does not reflect weakness of US exports, which in November were 12 per cent higher than in the same period last year.

The problem is that imports are growing even faster, and from a higher base, reflecting the strength of American domestic demand.

Growth of US exports to Mexico will decline sharply from an annual rate of expansion of about 30 per cent late last year following the depreciation of the Mexican peso and the imposition of austerity measures by the Mexican authorities. However, this blow to US exports may be offset by stronger demand in markets in Europe and Japan.

Yesterday's figures showed a small decline in the politically sensitive bilateral trade deficit with Japan, to \$6.2bn against \$6.7bn. But the bilateral deficit for the first 11 months of last year was \$60.1bn, indicating the annual deficit is likely to be a record in cash terms.

G7 meeting fixed

By Bernard Simon in Toronto

Finance ministers and central bank governors from the Group of Seven industrial countries will meet on February 3 and 4 in Toronto, Mr Paul Martin, Canada's finance minister, said yesterday.

Mr Martin said the meeting would review "global economic conditions and recent developments".

The meeting is expected to provide an opportunity for Mr Robert Rubin, the new US treasury secretary, to become acquainted with his counterparts from Japan, Germany, France, the UK, Italy and Canada.

The implications of Mexico's financial crisis, aid to Russia and the Chechnya conflict are likely to be on the agenda. The Toronto meeting is unlikely to produce any significant new initiatives.

Isolationist Republican newcomers in Congress are apprehensive of such 'quick slam dunks'

Freshmen fire at Clinton's Mexican package

By George Graham in Washington

President Bill Clinton took care to win the backing of Senator Robert Dole, the leader of the Republican majority in the Senate, and of Congressman Newt Gingrich, the Speaker of the House of Representatives, before launching his \$40bn package of loan guarantees for Mexico last week.

But neither the White House nor the Republican leadership may have paid enough attention to the views of Congressman Zach Wamp of Tennessee or his colleagues in the substantial cohort of Republicans who won election for the first time in November.

The loan guarantee proposal ran into immediate opposition from the familiar but nonetheless improbable alliance of right-wing Republicans and left-wing Democrats that opposed the North American Free Trade Agreement in 1993 and the General Agreement on Tariffs and Trade in 1994.

But that coalition, championed by Mr Pat Buchanan, the television pundit and former presidential speech writer, and Congressman David Bonior, whip of the Democratic minority, has drawn fresh vigour from new members of Congress like Mr Wamp.

Of the 87 new members in the House, 73 are Republicans. Scarcely half admit to having previously held any elected office, and most are noticeably more isolationist and more single-minded in their devotion to the Republican "Contract with America" than their political elders.

And although Republican leaders still believe that they will eventually win enough votes to pass the legislation necessary to implement the loan guarantees, they acknowledge that it will be an uphill struggle to convince these new members, who are wary of having anything rammed down their throats less than three weeks after they took their seats in Washington.

"I think the freshmen are real apprehensive to any of these quick slam dunks. There are a lot of us that were sent here, and we don't need to react so quickly to the urgency coming down the street from Pennsylvania Avenue," said Mr Wamp, a property dealer and recovering cocaine addict who represents a largely agricultural district around Chattanooga in southeastern Tennessee.

Clinton: he got Dole on side but did not pay enough attention to the freshmen — Reuter

Mr Wamp worries that the wrangling over loan guarantee legislation will interfere with the long list of measures he and almost all other Republican members promised to bring to a vote within 100 days.

"Quite honestly, I think the administration would like to have one of these crises crop up every week for the next two and a half months," he said.

Mr Wamp's suspicions are shared by Congressman Steve Stockman, a Texas accountant who ousted Congressman Jack Brooks, former chairman of the House Judiciary committee, after 42 years in Congress.

"I've read the constitution, and nowhere in this constitution does it talk about bailing out sovereign nations," complains Mr Stockman, who has got many of his fellow freshmen to sign a letter urging Mr Gingrich to abandon his support for the loan guarantee plan.

The scepticism of the freshmen members may not, in the end, block the loan guarantees altogether, but it seems certain to delay congressional action and has certainly sharpened the political calculations.

Senator Dole warned that if Mr Clinton wanted to get the measure through Congress "he needs to work on his own party."

Republicans, Mr Dole said, "don't want to be hung out to dry on this."

In the House, Congressman Dick Armey, the majority leader, said that the Democrats needed to produce roughly 103 votes – an implicit admission that he could not deliver much more than half of the 230 Republican majority.

"Why not? It's their president," Mr Armey said.

Rebuff for Cardoso over wages

By Angus Foster in São Paulo

President Fernando Henrique Cardoso, who took office on January 1, has received his first significant setback after the Brazilian Congress voted to increase the monthly minimum wage from R70 to R100.

Mr Cardoso opposed the increase as it would add about R5bn (£3.76bn) to the government's wage and pension bill. The government is already seeking cuts to try to balance a R12bn budget deficit.

Brazilian markets fell sharply yesterday on fears that the government might not be able to balance the budget, with the main São Paulo stock index down 7.1 per cent in afternoon trading.

Mr Cardoso had argued that the minimum salary could not be raised until the government's finances were stronger, but the lower house of deputies ignored his call and approved the increase late on Wednesday. Several politicians who are members of parties in Mr Cardoso's ruling alliance are thought to have voted for the increase.

Analysts said the episode raised doubts about the reliability of Mr Cardoso's small majority in the new Congress, which takes over next month. Some worry he may have problems making a number of urgent constitutional reforms later this year. One critic said the government had displayed "shoddy footwork" in this week's negotiations with Congress.

The Senate confirmed the vote yesterday but Mr Cardoso is certain to veto the measure. This will be unpopular as Congress has just voted to give itself – and Mr Cardoso – pay rises of more than 100 per cent.

The president must also decide whether to veto an amnesty granted by Congress to Mr Humberto Lucena, Senate president. The amnesty exempts Mr Lucena from an election tribunal ruling that he lose his seat for illegal use of the Senate printing press.

Mr Cardoso is unlikely to block the amnesty because he does not want to risk losing the support of Mr Lucena's Democratic Movement (PMDB), which is Brazil's biggest party.

He had greater success in two other congressional votes. A package of tax measures, likely to raise more than R2bn this year, was approved, as were new rules for contracts for public services such as roads and electricity.

One effect of the changes would be to allow greater private sector involvement in supplying these services.

Brazil's trade deficit in December reached \$884m (£566.6m), and not the \$47m announced earlier this month, finance minister Mr Pedro Malan said yesterday. Imports reached \$4.6bn helped by seasonal factors and measures to open the economy. November's import total was revised upwards and the month's deficit increased from \$262m to \$492m. Despite being in deficit in November and December, the trade balance was in surplus for the year at \$10.4bn.

Dominican Republic ends \$62m subsidies

By Canute James in Kingston

The government of the Dominican Republic has ended subsidies to over 30 state-owned companies, saying it can no longer underwrite their operations, in a radical change of economic policy. The government continues to resist calls to sell them off.

Subsidies to state companies, totalling \$62m (£39.7m) last year, were absent in the \$1.9bn budget approved by legislators at the end of last week. The subsidies had contributed to the \$156m budget deficit of last year.

State companies have also received additional subsidies in the form of loans from government banks. The loans are usually not repaid.

The administration of President Joaquin Balaguer traditionally has been generous to state-owned companies, arguing that they provided a "social good".

However, foreign creditors told the government that the subsidies were unwarranted, and hindered efforts to restructure the economy of the Caribbean state of 7m people.

The state sugar corporation faces financial difficulties, the electricity company reported losses of \$115m last year, and Dominica de Aviacion, the international airline, has debts of \$20m.

Of the 33 state-owned companies, the flour mill and the public sector insurer are the only ones which have been returning a profit.

Rolls-Royce to shed 600 aero-engine jobs

By James Buxton, Scottish Correspondent

Rolls-Royce, one of the world's largest manufacturers of aero-engines, is to shed 600 jobs at East Kilbride in Scotland by closing its aero-engine design and customer support operation there.

The announcement, greeted with anger and dismay in Scotland, is part of a rationalisation of Rolls-Royce's aero-engine development operations, which are to be concentrated at the company's two other sites, both of which are in England. Some of the skilled employees in the engineering and customer support operations at East Kilbride will be offered posts at the other sites, but the rest will lose their jobs. The closure is expected to be complete by the end of the year, leaving 1,000 employees at East Kilbride engaged in servicing aero-engines.

Mr Adam Ingram, Labour MP for East Kilbride, said in the House of Commons that "the damaging policies of this government have led to a major decline in a very key sector of our manufacturing economy". Mr Tony Newton, leader of the House of Commons replied: "I hope you will be encouraged, both in relation to the company and the government's policy, that the business has recently announced major long-term contracts with Cyprus Airways and China Eastern Airlines."

East Kilbride, designated a new town, is one of Scotland's faster growing industrial locations, with US and Japanese-owned electronics plants including Motorola and JVC expanding and taking on employees.

The Rolls-Royce job losses at East Kilbride are an extension of a long rationalisation programme by the company. A programme which involved the shedding of 6,500 jobs across the group is near completion. Yesterday's East Kilbride closure is additional to that.

The East Kilbride team developed the Tay engine, used on many medium-sized airliners, and worked on the V.2500 engine and other projects. But with Rolls-Royce's big Trent engine now being certified for commercial use, the company wants to improve efficiency by eliminating one of its three design engineering sites.

Trade unions said they were shocked at the scale of job losses at the plant. The Scottish National party, which campaigns for full independence for Scotland in the European Union, said Rolls-Royce's action was "callous" and deplored the "further erosion of Scotland's skills base".

East Kilbride's seasonally unadjusted employment was 6.8 per cent last November compared with the Scottish average of 8.5 per cent. Male unemployment was 9.1 per cent.

Opponents of calf trade target France

By Deborah Hargreaves

The Royal Society for the Prevention of Cruelty to Animals, the largest British animal welfare group, launches a campaign in France today aimed at persuading European agriculture ministers to limit journey times for transporting live animals.

The society is running advertisements in French newspapers pointing out that livestock are often transported across Europe for days without being fed, rested or watered. A similar campaign by the society in Britain triggered the country's current protests over the livestock trade.

The animal welfare group is targeting France as the current holder of the European Union presidency. It is calling on the French agriculture minister to back efforts to limit journey times to eight hours.

The RSPCA's move follows a call by the British Labour party yesterday on Mr William Waldegrave, agriculture minister, to ban the transport of British calves to veal crates in mainland Europe and to limit animal journey times.

Also yesterday, Conservative MP Bernard Jenkin handed a petition containing more than 2,000 signatures to the Ministry of Agriculture calling on Mr Waldegrave to ban the export of live animals for slaughter.

Protesters have been arrested at British ports as they try to stop the traffic in live calves and sheep to the mainland. The large British ferry companies banned the trade last October following a public outcry.

The British National Farmers' Union yesterday tried to defuse the row over calf exports amid concern that protests over veal crates could spill over into other areas of farming. "We should be prepared to stand up and say: no further back will we go on animal welfare," Sir David Naish, NFU president, told the union's 72-member ruling council, which decided yesterday to draw up a new code of standards on animal welfare.

Sir David said he would push for the adoption of minimum standards on animal welfare at an EU level. He said he had the backing of other European farm leaders for uniform animal welfare standards across the EU. European agriculture ministers will discuss the veal crate issue at a council meeting on Monday.

Twenty-one people were arrested and dozens injured yesterday as animal rights protesters and police clashed at Brightlingsea in Essex during a protest against the shipment of live animals

Dutch claim will test City advisers

By John Mason, Law Courts Correspondent

The duties of City advisers will be tested in the English High Court next week when Nederlandse Reassurantie Groep N.V. (NRG), the Dutch reinsurance company, attempts to claim damages totalling £375m ($585m) from Swiss Bank Corporation, accountants Ernst & Young and actuaries Bacon & Woodrow.

The case arises from NRG's ill-fated £122m acquisition of Victory Reinsurance from Legal & General in July 1990.

Victory Re, which specialised in life and non-life reinsurance, proved a substantial and unexpected loss-maker. The exposure of its marine and aviation account to disasters such as the October 1987 and January 1990 storms, the Exxon Valdez oil spillage and Hurricane Hugo resulted in a shortfall now estimated at more than £250m.

NRG is alleging negligence against the three advisers. The two firms were employed by NRG to assess the adequacy of Victory Re's reserves in relation to its non-life business.

NRG is also saying that it would not have proceeded with the deal had it been competently advised by the investment banking arm of Swiss Bank Corporation (SBC), the advising bank which initially suggested NRG make the acquisition.

Mr Bill Dikland, chairman of NRG, said: "This case will highlight a critical issue in the international financial market place – the extent of the responsibility undertaken by banks and other professional advisers when employed to advise on mergers and acquisitions."

SBC, Ernst & Young and Bacon & Woodrow all denied negligence and said they would contest the action vigorously.

SBC denied its advice had been deficient "in any way". Ernst & Young said: "This is yet another instance of what has turned out to be a bad investment decision where the investor is now attempting to recoup his losses from his professional advisers."

Bacon & Woodrow, the biggest independent actuaries in the UK, rejected the allegations absolutely. The court case is will start on Monday and is expected to last six months.

Premier scorns anti-EU 'manifesto' from rebels

Mr John Major, the prime minister, yesterday shrugged off a determined assault by Eurosceptic rebels on the government's authority, writes Kevin Brown, Political Correspondent. Senior ministers insisted that attempts to reach a rapprochement with the rebels would continue.

Mr Major was said to be unmoved by publication of a hardline Eurosceptic manifesto released by eight of the nine rightwing MPs suspended from the parliamentary party after a rebellion over European Union finances in November.

The launch of the manifesto followed a rebellion by all nine suspended MPs in a Commons vote on European Union fishing policy. The revolt was the fourth in three months, raising fears that the rebels are in effect operating as a separate party.

Launching the manifesto at a Westminster press conference, the rebels demanded a more Eurosceptic approach from the cabinet in the run-up to next year's intergovernmental conference, which will review the pace of EU integration.

The manifesto accuses the government of allowing a "surreptitious" transfer of UK sovereignty to Brussels which had undermined parliament and threatened "the very survival of the UK as a political entity".

It sets out eight "aims" described by the rebels as the basis for renewed Conservative unity on Europe:

- National control of agricultural policy.
- Abandon the Common Fisheries Policy.
- Abolish European Court powers in the UK.
- Restore member states' rights to ban exports of live animals.
- End elections to the European parliament.
- Ban EU interference in foreign and security policy.
- Abandon plans for EU economic and monetary union.
- Curtail the EU budget and end "interventionist subsidies".

The rebels' demands, which would be unacceptable to other EU member states, are anathema to pro-European Tory MPs. But senior ministers said that efforts to find "common ground" would continue.

Mr Tony Blair, the Labour leader, claimed in the House of Commons that the Conservative party was on the verge of an irreparable split over Europe.

Sir Leon Brittan, the European Union's trade commissioner, yesterday warned the British government that a minimalist, status-quo oriented policy towards Europe in the 1996 inter-governmental conference was not a realistic option, Lionel Barber writes in Brussels.

Sir Leon said the UK should consider further moves to qualified majority voting, particularly once the countries of central and eastern Europe had entered the EU.

He told an audience in Birmingham that it was in Britain's interest to lead efforts to develop a common European defence linked to Nato, but separable from it.

Britain should not "give the impression of just trying to turn the clock back in the 1996 conference to review the Maastricht treaty". The conference was not a threat but an opportunity, he said.

While he cautioned that the rule of unanimity should continue to govern "the most important of all decisions", he warned that some extension of qualified majority voting was inevitable to avoid paralysis in an enlarged EU. It was also in the UK's interest.

He said: "For lesser matters Britain, under Margaret Thatcher, supported the use of qualified majority voting. Without that, we would never have achieved Britain's top priority, the creation of the single market."

'Sleaze' judge to urge more control over MPs

By James Blitz

Drastic changes in the way MPs' private business activities are regulated will be recommended to the prime minister by Lord Nolan, who is investigating allegations of "sleaze" in public life.

Delivering a statement which came only days after Lord Nolan began a six-week open hearing into standards of conduct among public officials, he said early evidence had already helped to "clarify the issues" relating to MPs' commercial activities.

In comments that triggered surprise at Westminster, Lord Nolan said the relations between MPs and commercial lobbying companies would need to be "tightened up" and that MPs must be given more guidance on which business activities were acceptable.

At the start of the third day of public hearings in London, Lord Nolan, a leading law lord, stated that MPs would need to give fuller details of their private commercial interests in the Commons.

Some of the committee's other nine members strongly indicated this week that they may press for copies of MPs' personal contracts to be lodged with parliamentary officials.

Lord Nolan also said the committee would "consider in detail the possible introduction of an independent element into parliament's current arrangements for self-regulation".

One idea repeatedly aired has been that independent adjudicators should sit on the Commons privileges committee, which examines serious breaches of parliamentary rules by MPs.

Such a recommendation would coincide with Lord Nolan's view that the public must see and believe that justice is done if an MP has committed a transgression.

But it is likely to be opposed by those MPs who believe it would be an unprecedented infringement of parliament's sovereignty.

Lord Callaghan, the former Labour prime minister, backed the idea of independent adjudicators in evidence to Lord Nolan yesterday. He also called for a return to the pre-1939 principle that the prime minister and other senior ministers should sit on the committee to underline its importance.

The recommendations of the Nolan committee will be presented to the prime minister in May and would then have to be approved by the Commons before they could take effect.

UK NEWS DIGEST

Exports boost car output to 20-year record

UK car production rose 6.6 per cent last year to 1,466,823, the highest for 20 years. In December output rose year-on-year by 18.4 per cent to 102,914, the Society of Motor Manufacturers and Traders reported yesterday. The strong increase in recent months has been spurred by a sharp rise in output for export, which has compensated for virtually unchanged production for the domestic market.

Car output for export markets rose last year by 16.1 per cent to 532,876 and accounted for 42.2 per cent of total UK car production. However, output for the domestic market increased by only 0.65 per cent to 848,143.

The rise in production was led by Rover, the leading UK carmaker and a subsidiary of BMW of Germany, and by the build-up of output by Toyota and Honda, the Japanese carmakers, at their UK assembly plants. Higher output by these manufacturers helped to offset stagnant production at Ford, Vauxhall and Peugeot and a sharp fall at Nissan.
Kevin Done, Motor Industry Correspondent

Supermarkets abandon Unilever detergent product

Britain's two largest supermarket chains became the first in Europe to drop Persil Power, dealing a potentially fatal blow to the controversial laundry detergent which Unilever, the Anglo-Dutch consumer products group, has spent some £200m ($312m) on developing and promoting.

The largest, J. Sainsbury, said it would withdraw the heavily-criticised washing powder because of falling consumer demand. On Wednesday, Tesco said it would instead stock New Generation Persil which is replacing Power as flagship of the brand. With Unilever spending almost all of Persil's £19m UK promotion budget on the replacement detergent, Tesco believes consumer demand for Power will fail to justify the shelf space used to display it. Since the discovery last summer that Power's manganese catalyst, the "accelerator", reacted badly with a handful of dark dyes, Unilever has struggled to keep the product afloat.
Roderick Oram, Consumer Industries Editor

Fall-out From a Flop, Page 17

BCCI judgment is postponed

A Luxembourg court yesterday again postponed judgement on a proposed settlement for creditors of the failed Bank of Credit and Commerce International. "The decision will be announced on January 31," said Judge Maryse Welter. The court also announced that a separate decision will be taken on a $425m settlement between BCCI's liquidators at Touche Ross and the National Commercial Bank of Saudi Arabia. A decision on that agreement will be made on March 14 at the earliest.

Yesterday Mr Georges Baden, the Luxembourg liquidator, told the court he did not consider that an incident in which computer records relating to the bank were allegedly erased had any bearing on the settlement. A lawyer acting for the Luxembourg Monetary Institute, the regulator, protested about the confusion raised by the computer records erasure.
Jim Kelly, Accountancy Correspondent

Army caterers launch funds

Naafi, caterers and shopkeepers to the Britain's armed services, yesterday launched two managed investment funds designed for military and civilian investors. But competitors and industry experts attacked the move, saying Naafi's claims were misleading.

Naafi's customer base has shrunk by about a third under the government's Options for Change programme and it is turning to new products and markets outside the barrack gates. Naafi is a non-profit company which trades under a charter with the armed forces. It receives no subsidy, and is obliged to provide shops, canteens and other services such as financial advice wherever required by the armed services – from Bosnia to the Falklands. *Roger Taylor*

Helicopter ditches in N Sea

Eighteen people were rescued from the North Sea off Scotland yesterday after a helicopter carrying oil workers made a controlled ditching when it was struck by lightning. The incident occurred 140 miles north east of Aberdeen, near the Brae oilfield – operated by the Marathon oil company – and involved a Bristow Tiger helicopter, a variant of the widely-used Super Puma type. Mr Tony Jones, Bristow's general manager, said: "There is some hint that the tail rotor may have suffered some malfunction." Mr Dennis Royle, Marathon's corporate safety manager, said there were no injuries.

Biomedical grant: The Wellcome Trust is giving £10m ($15.7m) in a grant to build and equip a £12m biomedical research institute at the university of Dundee in Scotland. The 6,000 sq m institute will house 200 scientists. The Wellcome Trust is awarding a further £10m in grants to scientists for research in the new institute, which will concentrate on biochemistry and advanced genetic manipulation techniques.

Lord Cowdray: former head of Pearson

OBITUARY

Weetman John Churchill Pearson, 3rd Viscount Cowdray, who has died at the age of 84, was heir to one of the biggest and most diverse privately owned business groups in Britain.

While he was at the head of the group he enlarged, streamlined and partly reorganised the business without departing from the main areas of operation established by his grandfather.

A shy man, he was willing to delegate the day-to-day running of the business to a few carefully chosen associates while keeping a close eye on key strategic decisions. Above all, he had a strong determination to live his life and carry on the family business in the way his father and grandfather would have wished.

The business itself, S Pearson, was originally a building and contracting company based in Bradford, West Yorkshire. The first Lord Cowdray, grandson of the founder, moved to London in 1884 and embarked on a business career which included some of the most spectacular civil engineering projects of the time as well as a highly profitable investment in oil exploration and production, both in Mexico and the US. It was the first Lord Cowdray who brought into the family business a stake in merchant banking – by buying a minority shareholding in Lazards – and in newspaper publishing, by joining a syndicate which purchased control of the Westminster Gazette.

John Pearson was born in February 1910. He was educated at Eton and Christ Church, Oxford, graduating in 1933. During those years the chairman of S Pearson was the first Lord Cowdray's second son, Clive. John's father, the second Lord Cowdray, was an active but not dominant partner in the business. Not long after leaving Oxford John Pearson succeeded to the title on his father's death. He acquired a heavy responsibility at a young age both for the estates at Cowdray Park and at Dunecht in Aberdeenshire and as head of the family.

During this period he devoted much of his time to his estates, maintaining the high standards of stewardship which his father and grandfather had taught him and carrying out improvements. He became a considerable expert in forestry and farming. Sporting activities, too, were an important part of his life, especially polo. He took the British polo team to the US in 1939.

At the same time he was working closely with his uncle and helping him to run the business. He spent time in several of the family companies, including Lazard Brothers and Lazard Frères in Paris, and acted as a general assistant to his uncle in dealing with the problems created by the depression of the 1930s.

At the outbreak of war he joined the Army as a captain in the Sussex Yeomanry. He was wounded at Dunkirk and as a result of his injuries lost an arm. He served as parliamentary private secretary to the under-secretary of state for air in 1941-42. In the latter year his uncle was asked to become chairman of British Overseas Airways Corporation and from that point John Cowdray worked permanently in the business. He became chairman of S Pearson in 1954 when his uncle retired.

This was when S Pearson faced the problem of adjusting to some drastic changes which had recently affected its business. The main aviation activities had been nationalised, as had the coal mines and the interests in electric utilities.

What was left was an assortment of businesses, most of them sound and profitable but needing to be co-ordinated and reorganised on a more rational basis. Under the new chairman's guidance steps were taken to streamline the company, selling off some of the peripheral interests and concentrating on the main lines of development – banking and finance, publishing, the industrial group (mainly pottery) and oil.

In the ensuing years the business was built up both by internal growth and by acquisition. On the publishing side – which until 1956 consisted of the Westminster Press group of provincial newspapers – the most important steps were the acquisition of the Financial Times followed by the entry into book publishing with Longman and then Penguin. Except in rare cases – of which Chateau Latour was the most striking example – Lord Cowdray was reluctant to enter into new ventures which were not a direct and logical extension of the businesses that were already established.

Lord Cowdray's style of management, especially in the years before the group went public, was informal. He worked closely with a few colleagues – Lord Poole, Mr David Pollock, later Mr Patrick (now Lord) Gibson – and the strategy evolved out of the discussions between them. His partnership with Lord Poole was central to the success of the business. While Poole provided the ideas and the drive, Cowdray exercised a steadying influence.

He was not a quick thinker, but he was always quite clear about what he wanted to do and not to do. He had a precise mind and he thought carefully and thoroughly about the issues that required decisions. He listened to his colleagues and studied the relevant papers before reaching a decision.

He always refused to be rushed. He had no great love for business as an end in itself, nor did he have an intellectual fascination for business problems. But through training, experience and a sense of family responsibility he made himself an extremely astute and successful businessman.

In 1969 Lord Cowdray took the decision to secure a public quotation for the Pearson group and a total of 10m shares, representing $17\frac{1}{2}$ per cent of the group's ordinary share capital, was offered to the public. The issue was made partly for tax reasons, but it also reflected the view held by Cowdray and his advisers that it would be easier to attract top management into the group if it was not seen as a wholly family business.

Going public did not significantly alter the style of management. The central management organisation at Millbank Tower, central London, remained very small and responsibility continued to be delegated to the operating companies.

Lord Cowdray remained as chairman, self-effacing but with a very firm grip on the crucial decisions. He presided over the strategy meetings held in Millbank Tower every Friday. He was particularly anxious to ensure that the group retained its entrepreneurial flavour, and this was demonstrated in several acquisitions which owed more to opportunism than to industrial logic. When he stepped down as chairman in 1977, he was made life president.

He never interfered in the day-to-day affairs of the companies in the Pearson group, although his closest links were with the financial services side and particularly with Lazards. He expected to be told if something was going wrong and to be consulted on major decisions. he was thoroughly familiar with the balance sheet and tax position of all the companies in the group. But the task of management he left to those in charge of running the companies and he never interfered with the editorial independence of the Financial Times.

He was sometimes reluctant to make acquisitions, especially if they were big and expensive ones. He preferred smaller acquisitions which could be absorbed into the group without too great an upheaval.

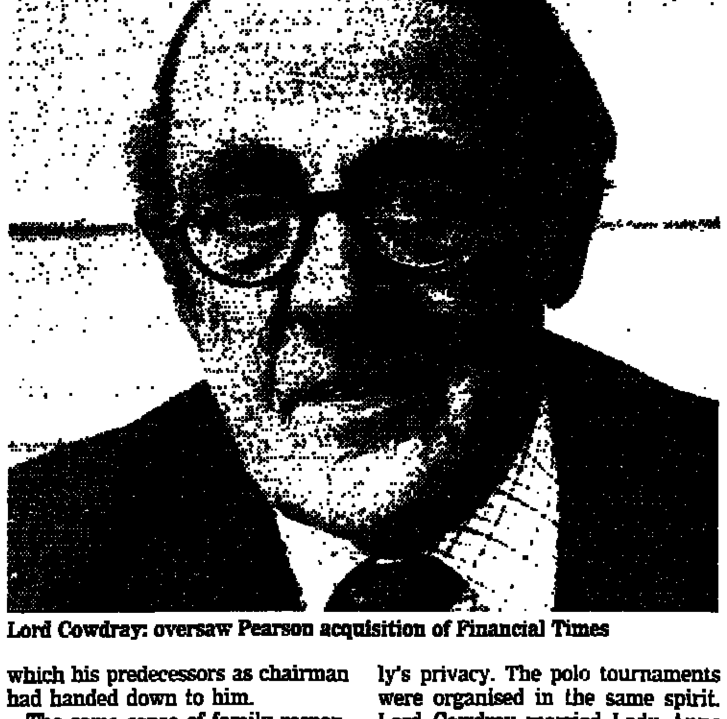
Above all, he was always conscious that the Pearson group had to maintain the high standards which his predecessors as chairman had handed down to him.

The same sense of family responsibility coloured his attitude to his estates. It was this part of his life, with his polo, that gave him most pleasure.

Although he always took the closest interest in the management of the estates, he also saw them as an amenity which the public had a right to enjoy. He wanted the public to enjoy Cowdray Park and have access to it. It would never have occurred to him to put a wall round the park to preserve his own family's privacy. The polo tournaments were organised in the same spirit.

Lord Cowdray married Lady Anne Bridgeman in 1939. They had one son and two daughters. He obtained a divorce in 1950. In 1953 he married Elizabeth Georgiana Mather, daughter of A H M Jackson. They had one son and two daughters.

Lord Cowdray was the uncle of Lord Blakenham, the present chairman of Pearson. Between them the Cowdrays and other families related by marriage presently own a little under 10 per cent of the Pearson shares.



Lord Cowdray: oversaw Pearson acquisition of Financial Times

RECRUITMENT

JOBS: Examination of UK executive salaries could draw on the experience of US remedies

Setting the stage for action on pay

The Confederation of British Industry's initiative to set up a working party on executive pay, headed by Sir Richard Greenbury, executive chairman of Marks and Spencer, may find some merit in drawing on the experience of various reforms in the US.

The extent of executive pay has been an issue on both sides of the Atlantic, although to compare the salaries of UK and US directors proportionally is rather like comparing Texas with Yorkshire.

Other comparisons also pale. Calculations quoted in Business Week some months back put the average 1993 earnings of leading US chief executive officers at 50 times those of the average factory worker. Incomes Data Services, the UK pay research specialists, put the average earnings for the highest paid directors in the FT-SE 100 at 35 times more than average male earnings.

The IDS research also showed, however, that in the UK the gap between chief executives' pay and average earnings has widened considerably during the last 16 years.

On the other hand, Towers Perrin, remuneration consultants, said recently that UK chief executives were still paid less than most of their counterparts internationally. Comparing cash payments, only chief executives in Australia, Venezuela and Sweden fared worse than UK chief executives in the Towers Perrin survey.

Various measures have been introduced in the US to curb directors' pay packets. One was the $1m cap on the amount of an individual's pay that could be deducted from company profits before corporation tax. Performance-related pay in excess of this level is still deductable if companies can establish that it is genuinely related to performance. The penalty has led to a crop of directors being paid exactly $1m. One problem in setting limits has been that salaries have a tendency to gravitate towards them.

The Securities and Exchange Commission has also improved disclosure requirements, making it more difficult to hide large bonus payments.

A big difference between the US and the UK, however, is that the US does not have a group of recently privatised utilities which have been paying their top executives proportionally large pay increases added to other big pay-outs when share options are exercised.

If pay awards to the utilities, including the recent 75 per cent pay award to Cedric Brown, chief executive of British Gas, are treated separately and the issue of share options is also taken out of the picture, the big UK private companies would not appear to be doing that much different from their previous practice.

Those UK companies, such as the BOC group, which have made their director's pay deals more transparent in the annual report do not appear to have suffered as a result. So any voluntary guidelines or code on disclosure backed by the Stock Exchange might go some way to making shareholders more comfortable about pay awards.

● Shareholder concern about the size of Maurice Saatchi's pay package was partly behind his removal from the company chairmanship and the subsequent problems at Saatchi & Saatchi, including the departure of other senior executives and the threatened loss of some accounts.

I was reminded about something I heard Charles Handy, the business writer, saying some two months ago. The stock market of the future, he said, would be an even greater gamble than it is now.

He argued that in an increasing number of companies the employees were the greatest asset. He called such valuable creative employees the new alchemists who could make gold out of nothing.

"If they walk out of the door," he asked, "what will be left of the company?" In the case of Saatchi & Saatchi, he is about to find out.

● The extent of the decline in the UK outplacement industry over the last 12 months is evident in new figures published in the 1995 edition of Executive Grapevine, The European Directory of Career Management and Outplacement Consultants. It says that some 2,000 consultants were actively delivering programmes in 1993 compared to 1,654 in 1994, a fall of 16 per cent. It said that combined turnover, which exceeded £170m in 1993, had fallen to £130m in 1994, a reduction of more than 22 per cent.

● The quarterly index of advertised demand for executives compiled by MSL International, the recruitment consultant, suggests we might dismiss any fears that the economic recovery may be faltering.

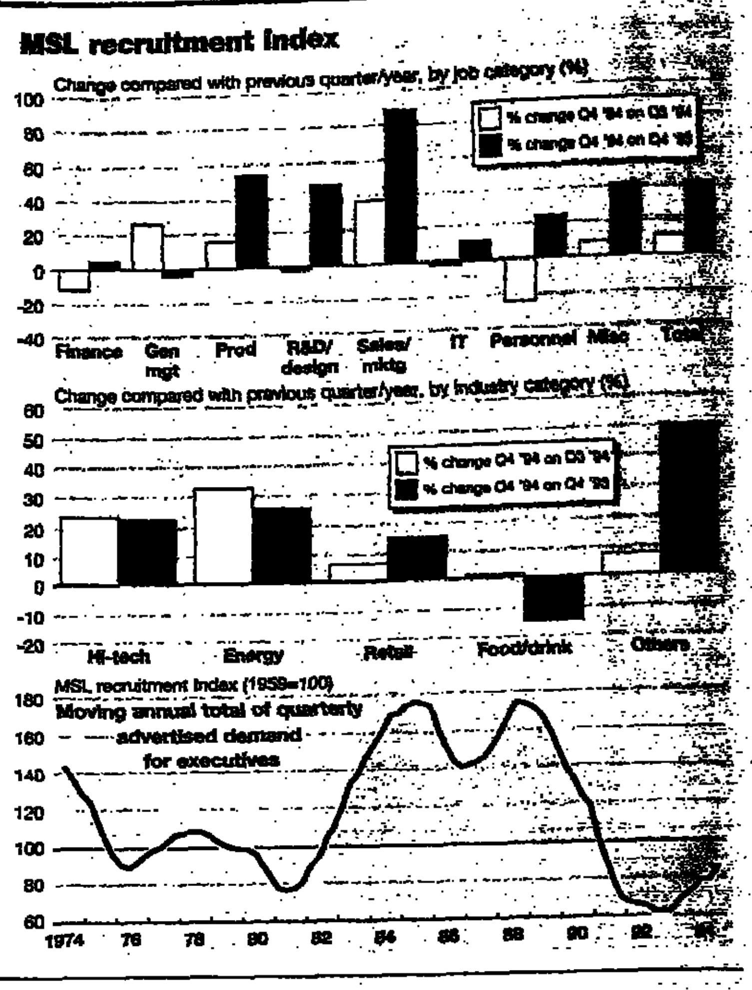
The index (see graphic, right) has proved a consistently accurate monitor of economic growth and decline since it was established in 1959. The recruitment behaviour of companies tends to reflect their business optimism or otherwise.

The last quarter shows a 42 per cent increase in advertised jobs for senior executives on the same quarter last year.

Another strong indicator is the big rise in advertisements for sales and marketing jobs, up 89 per cent year on year compared to only a five per cent increase over the year in accounting and finance jobs.

Ian Lloyd, the managing director of MSL, suggested that the slower growth in finance and accounting recruitment indicated a move away from cost cutting and control and into sales-led growth.

Richard Donkin



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To discuss this opportunity in greater depth, please contact **Jon Vonk** or **Paul Gladstone** on **071 434 4455** (evenings/weekends **0973 334004**). Alternatively submit a resume to them at the address below. All applications will be received in the strictest of confidence. Closing date for applications is Monday 23rd January 1995.

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MANAGEMENT

Judged on merit

The Great and the Good met in London this week to dish out prizes for corporate excellence – but their overall verdict on British management turned out to be disappointingly bleak.

Now in their second year the British Quality of Management awards, sponsored by Sundridge Park Management Centre and the opinion research group Mori, are based on perceived strengths and weaknesses of companies in 18 "key" management areas. Views were sought from 150 institutional investors, 101 "captains of industry" and 35 business journalists on attributes ranging from strategic thinking, brand development and R&D to innovation, investment planning and leadership.

While the three winners naturally scored well – Marks & Spencer, BTR and British Airways occupied the top slots with ICI getting a separate Quality of Governance award – British management generally got poor marks from the judges. "In 12 of the 18 criteria UK management is rated weak rather than excellent," points out Sundridge Park's chief executive John Chadwick.

For instance, while all three "audiences" agreed that strategic thinking is the most important attribute of a successful business, the majority of corporate and City respondents believed British management to be "weak" in this area in practice.

Having given a higher priority to the development of teams and people than City professionals and financial journalists, the captains of industry proceeded to accuse their peers of not being much good at it.

"It is noteworthy that there is little agreement between the three groups as to which criteria are the most important and which we are best at," comments Roger Stubbs, chairman of Mori Financial.

"Ironically all three groups only agree that British industry is excellent at what they rate least important."

Tim Dickson

Chinese managers of the future? For its first intake of MBA trainees the China Europe International Business School received 2,500 applications for only 60 places

Long road to Pudong

A new business school has just opened in Shanghai. **Tony Walker** reports

Where have all the managers gone? Western businesses arriving in China are finding a dearth of managers at middle and senior level, matched by a singular absence of management training schools. Yet China will need large numbers of managers to help the country and its foreign partners cope with the economic transformation under way.

Jan Borgonjon, acting executive director of the China Europe International Business School in Shanghai, says that while it is impossible to estimate the shortfall in a country where the economy has been growing at more than 13 per cent annually, the explosion in salaries and the lack of suitable applicants for jobs are two indications.

Between 1992 and 1993 managers' salaries quadrupled, albeit from a low base, and then doubled again in 1994 compared with the previous year. Pay for middle managers is now around Y10,000 (£640) per month, plus other perks such as help with housing. Academics and other professionals earn about Y800 a month on average.

Borgonjon cites a foreign company which advertised in Shanghai for a general manager, but could not find a suitable candidate among 8,000 applicants. Experience and training is deficient in a country where the education system lags far behind the requirements of a market economy.

The EU hopes to close this enormous gap by establishing – in partnership with the Shanghai municipality and the city's Jiaotong University – a management school of international standing. The project was inaugurated by Sir Leon Brittan, then European Commissioner for External Trade Relations, in November.

The school, described by Sir Leon as the "first of its kind" in China, will have a purpose-built campus on 40,000sq m in the new Pudong economic zone on the east bank of Shanghai's Huangpu river. Its aim is to provide an appropriate environment for training China's international managers.

The road to Pudong has been a rocky one. Indeed, the European experience reveals the difficulties of operating within the Chinese system – for there is hardly a more sensitive area in China than education and one that has remained relatively resistant to change.

The China Europe Management Institute started in Beijing in 1984 as a joint project with the State Commission for the Economy, later the State Economic and Trade Commission, which oversees elements of the reform process. But the partners separated last year when it became clear that respective aims were incompatible.

The EU wanted to build an independent school with a strong faculty, including a core of Chinese staff who would remain with the institution to provide continuity. But in China old bureaucratic habits die hard and it was difficult to attract qualified staff. Pay was inadequate and restrictions were such that Chinese faculty members felt stifled.

A EU official says that Beijing had a "general lack of esteem" for education for economic development. "There was an unwillingness to invest in education, and an unwillingness to experiment in education." This contrasted with attitudes in Shanghai where the municipality appeared to have a keen understanding of the need for management training and a desire to give a home to a top-level management school.

The agreement between the prestigious Jiaotong University, and the European Foundation of Management Development, a consortium of European business schools, provides for 50-50 shared control of the new institution. There is a proviso that the executive president must be an internationally regarded management teacher. The president will be Chinese.

The new China Europe International Business School does not lack ambition in its new home, with its redefined mission and promise of financial support from the EU and from some of the world's biggest businesses. At least Ecu 25m (£19.7m) has been pledged by the EU and the Shanghai municipality, and business sponsors have already promised another Ecu 1m.

Sponsors include ABB, Courtaulds, Banque Indosuez, Ciba Geigy, Reuters, Volkswagen and Zeneca. BAT industries has agreed to endow a chair, and European Commission officials are confident that US companies will also provide support.

Borgonjon says the new school aims to become one of the top business schools in Asia, drawing students, including foreign trainees, from home and abroad. The new campus is expected to be completed by 1997; in the meantime the school operates from one of Jiaotong's campuses. Besides short courses, it will this year offer two-year MBA courses.

For its first intake of MBA trainees in Shanghai, the school received 2,500 applications for 60 places. "Having a London Business School diploma doesn't assure you of a job here anymore, but having a degree from our school would assure you a job," he claims. "This will be tailor-made for business students wanting to develop a China career."

Reflecting on the difficulties of teaching modern management to Chinese, Borgonjon observes that in the early Beijing days, students had "no idea of a market economy, so the first half of the year was spent de-learning rather than learning." Understanding of marketing and human resources principles was, at best, primitive.

But he notes that recently the "de-learning" time has been cut, and also praises Chinese students as "extremely hard-working" and comparable in their academic achievements to classes at the top western management institutions.

In one respect the Shanghai school will be no different from other institutions across China. All students are required to continue their annual dose of Marxism-Leninism, Mao Zedong thought. As Borgonjon delicately puts it, classes in the "theory of a socialist market economy with Chinese characteristics" will be incorporated in the introduction to the MBA courses.

It is not clear whether this will be part of the "learning" or "de-learning" process.

Going beyond a joke

Humour is a useful tool, says **Jean-Louis Barsoux**

Corporate renewal is about discontinuity. It is about looking at things afresh, perhaps even breaking with successful recipes. Humour facilitates this process both directly and indirectly.

Humour allows individuals to challenge the prevailing orthodoxies, to debunk rhetoric or empty words and to propose new approaches.

The reason that humour allows hard truths to be expressed with impunity is that individuals are briefly relieved of responsibility for their words or actions. They are free to parody the organisation and question internalised wisdoms without anyone taking offence.

Within the protective cordon of humour there are no sacred cows. Using humour, individuals can even chance comments on the merits of the company's best-selling product, which would seem disloyal if voiced seriously. Humour also provides a low-risk channel for introducing new ideas to the agenda and testing their validity. It is therefore possible, using humour, to float what Harvard professor John Hotter terms "trial balloons". If these are favourably received, it may be appropriate to reformulate the idea and relaunch it as a serious proposition.

Take the case of Lord Sheppard. Shortly after being named chief executive of GrandMet, he was interviewed by a journalist. Cutting straight to the point, she asked him: "What's wrong with Grand Met and what have you got to do to put it right?" Sheppard answered: "We've got a cluttered business portfolio." When asked what he was going to do about it, Sheppard recalls, "I just said, 'Well, I'm going to de-clutter it'."

This jokey response went down so well that the company decided to use "de-clutter" to rename its corporate change programme. The term served as a memorable rallying call for the new business strategy, making it easily understandable and giving it focus and momentum.

Humour helps to get at the truth behind the "inspired" vision and to deflate pretentious claims. It teaches managers to see organisations and strategies for what they really are.

That gap between corporate hype and reality is a staple source of organisational humour. In every plan gone wrong, in every golden rule or principle disproved, there is comic energy waiting to be unleashed. But senior managers generally do not pay enough attention to these comic insights. External consultants are often called in to identify the very blockages to renewal that middle managers have been deriding in the canteen for years.

Humour also contributes in more discrete ways. David Kearns, former chairman of Xerox, recalls the role of humour in the painful process of reinventing the company in the early 1980s: "This fooling around and digressive talk built an *esprit de corps*. The freewheeling nature of these meetings served to ease the pressure of how much was at stake."*

So, beyond any direct impact on the content of renewal, humour also facilitates the process of renewal. It is a means of fostering creativity, bonding the team and alleviating stress.

With the possibility of humour comes the possibility of challenge and openness to change. In the words of Sir Brian Wolfson, chairman of leisure group Wembley: "Any company which has humour has far more likelihood of having a culture which is disrespectful, and therefore able to attack change, endure change and flourish in change."

Where humour is suppressed, employees are much less likely to take chances, to challenge established policies and practices, or to offer alternatives to the usual assumptions about the organisation and its environment. Successful renewal, therefore, demands a measure of corporate insolence.

** D.T. Kearns and D.A. Nadler, Prophets in the Dark, New York: HarperBusiness, 1992.*
Jean-Louis Barsoux is the author of Funny Business (Cassell) and a Senior Research Fellow at Insead (France).

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for the real estate in Törökszentmiklós on 23 February 1995 between 11-13h.

and for the real estate in Budapest, Kén u. on 9 March, 1995 between 11-13h.

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The announcer and the SPA reserves the right to proclaim the tender void.

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LEGAL NOTICE

No. 007828 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
BEARSPHERE LIMITED
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of the High Court of Justice, Chancery Division, dated the 11th January 1995 confirming the reduction of the capital of the above named Company from £2,000 to £1,910 and the Minute approved by the Court showing with respect to the capital as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on the 12th day of January 1995.

Dated the 20th day of January 1995

CLIFFORD CHANCE
200 Aldersgate Street
London EC1A 4JJ

Ref. KO

Solicitors to the Company

PUBLIC NOTICES

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUBSECTION 10(7) OF THE TELECOMMUNICATIONS ACT 1984

Licence to run telecommunication systems under section 7 of the Telecommunications Act 1984 granted to AT&T Communications (UK) LTD.

1. The Secretary of State hereby gives notice:

(a) that he has duly reconsidered the proposals in respect of which he published a notice on 5 August 1994 under subsections 8(5) and 10(6) of the Telecommunications Act 1984 ("the Act") regarding his intention to grant a licence under the Act to AT&T Communications (UK) LTD ("the Licensee") to run telecommunication systems throughout the United Kingdom;

(b) that he has granted such a licence ("the Licence") to the Licensee, being a licence which includes conditions such that section 8 of the Act applies to it, thereby making the Licensee eligible to have the telecommunications code contained in Schedule 2 to the Act applied to it under section 10 of the Act;

(c) that he has applied the telecommunications code ("the Code") to the Licensee subject to certain exceptions and conditions throughout the United Kingdom. The effect of these exceptions and conditions is that the Licensee has duties:

i. to comply with various safety and environmental conditions, in particular (with certain exceptions) to install lines underground or only on such above-ground apparatus as is already installed for any purpose;

ii. to comply with conditions designed to ensure efficiency and economy on the part of the Licensee, in connection with the execution of works on land concerning the installation, maintenance, repair or alteration of their apparatus;

iii. to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities and English Nature, Scottish Natural Heritage, the Countryside Council for Wales, the National Trust and the National Trust for Scotland, as well as relevant electricity suppliers;

iv. to keep and make available records of the location of underground apparatus and copies of the exceptions and conditions in the Licence to the powers under the Code; and

v. to ensure that sufficient funds are available to meet certain liabilities arising from the execution of street works.

2. The Secretary of State has applied the Code to the Licensee:

(a) because the Licensee will need the statutory powers in the Code to install and maintain the telecommunication systems which are to be installed and run under the Licence;

(b) subject to the exceptions and conditions referred to above because they are considered requisite or expedient for the purpose of securing that the physical environment is protected, that there is no greater damage to land than necessary, that the systems are installed as safely and economically as possible, and that the Licensee can meet (and relevant persons can enforce) liabilities arising from the execution of works.

3. The Secretary of State has granted the Licence because he considers that it will help to satisfy demands in the United Kingdom for the provision of services of the type authorised, will promote the interests of consumers in respect of the quality, variety of and prices charged for such services and telecommunication apparatus, and will maintain and promote effective competition between those engaged in the provision of telecommunication services and telecommunication apparatus.

4. The Licence has been granted for a period of 25 years in the first instance and is subject to revocation by the Secretary of State on 30 days' notice in the circumstances specified in the Licence.

5. Copies of the Licence may be obtained from the Office of Telecommunications (Library), 50 Ludgate Hill, London EC4M 7JJ, price £12.00 postage and packing free.

Keith Avis
Department of Trade and Industry **20 January 1995**

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ETBA

HELLENIC INDUSTRIAL DEVELOPMENT BANK S.A.

PROCLAMATION OF PUBLIC INVITATION TO TENDER FOR THE SALE TO THE HIGHEST BIDDER OF A MAJORITY BLOCK OF UP TO 100% OF THE SHARES OF "HELLENIC SHIPYARDS CO" (SKARAMANGA)

Within the framework of the Greek government's privatisation policy and Greece's fulfilment of its obligations towards the European Union and following the decision of the Ministerial Privatisation Committee, the Hellenic Industrial Development Bank S.A. (ETBA), sole shareholder of "HELLENIC SHIPYARDS CO" (the Company)

IS PROCLAIMING

a Public International Invitation to Tender with sealed and binding offers for the sale to the highest bidder of a majority block of up to 100% of the Company's shares.

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY

Since 1985, ETBA has been the sole shareholder of the Company, which operates and exploits the Skaramanga Shipyard (the Shipyard). The Shipyard is the biggest in Greece and the largest shipbuilding and shiprepair yard in the Eastern Mediterranean, occupying an area of 832,000 square metres and with building installations covering 83,000 square metres. THe Shipyard has two dry docks (500,000 DWT and 250,000 DWT) and three floating docks (72,000 DWT, 60,000 DWT and 37,000 DWT), as well as hoisting machinery and tug boats. It offers a full range of repair services for all types of vessels. Since the commencement of operations in 1957, repairs have been carried out on approximately 7,800 vessels totalling 350,000,000 DWT. The Shipyard also has a building berth (200x 28m) for the construction of vessels up to 40,000 DWT. A programme is currently under way for the construction of three MEKO-200 class frigates as well as a weapons systems programme for patrol vessels built for the Hellenic Navy. The Company has also signed and is executing contracts for the manufacture of rolling stock for the Hellenic Railways Organisation (OSE) and the Athens-Piraeus Electric Railways (ISAP). The Shipyard has all the necessary operating certificates as well as a quality assurance system (AQAP-4) which is implemented in the construction of frigates for the Hellenic Navy. The work-force currently totals 3,092 employees.

The Company's average annual turnover during the period 1991-1993 was $95 million.

FINANCIAL RESTRUCTURING PLAN

The Company will be financially restructured before being finally transferred to its new owners. The restructuring plan provides for the writing off of 98% of the Company's debts to the Greek state, banks, public utilities and Greek social security organisations with the consent of the Company's creditors in accordance with article 44 of Law 1892/90.

TERMS OF PROCLAMATION

1. General

This Public Invitation to Tender is being held in accordance with the provisions of Law 2000/91, as same has been amended and is currently in force, the terms set out in the decision of the Ministerial Privatisation Committee dated 25.11.94, and the terms contained in this proclamation. It should be noted that special legislation is soon to be passed by Parliament containing specific terms pertaining to the transfer of the Company. The submission of a binding offer presupposes unreserved acceptance of all these terms and legislation.

2. Binding Offers

In order to submit offers, prospective buyers (the "Buyers") should request from ETBA an Information Memorandum and a draft Letter of Guarantee, after having first pledged confidentiality by signing the relevant Confidentiality Agreement, after which they will be able to request in writing from ETBA additional information about the Company and visit its installations.

Sealed binding offers in writing must be submitted either in person or by a lawfully authorised representative to the Equity Participation Division of ETBA (87 Syngrou Ave, 4th floor) not later than 2 pm, Monday 20 March, 1995. Late offers and offers not accompanied by a letter of guarantee (see clause 3 below) will not be accepted.

Offers will be binding and must accurately state the purchase price being offered for the majority block of up to 100% of the Company's shares. They must also set out in detail the terms of payment: cash or credit, number of instalments, date of payment of latter and the proposed rate of interest. If the following are not contained in the offer:

a) method of payment, b) whether instalments are at interest bearing or interest free and c) the rate of interest of the instalments for the purpose of calculating the purchase price, it shall be considered respectively that: a) the amount will be paid in cash, b) the instalments will be at interest and c) the instalments will be calculated on the basis of the interest rate for the last issue of one-year interest-bearing Treasury bills prior to evaluation.

Offers must not contain terms which qualify their binding nature or create vagueness as to the size or method of payment of the amount offered or as to other matters of importance for the sale. The shareholder ETBA has the right, at its own uncontested discretion, to reject offers containing terms and conditions, irrespective of whether such offers are superior to other offers, or to consider such terms as never having been included in the offer, in which case the offer will continue to be binding with respect to the rest of its content. By way of indication, terms shall not be accepted which seek e.g. the repair, improvement or movement of fixed assets, a guarantee for the collection of claims or the outcome of any legal actions involving the Company, adherence to certain directions concerning the safety of the installations, the securing of desirable insurance coverage etc.

3. Letters of guarantee

Offers must be accompanied by a letter of guarantee issued by a bank lawfully operating in Greece for an amount of 500,000,000 drachmas or the equivalent in US dollars on the basis of the official fixing rate of the Bank of Greece ruling on the day of submission of the offer. A draft of this letter of guarantee will be supplied to interested parties together with the Information Memorandum.

In the event that the Buyer who provided the letter of guarantee, although having been declared highest bidder, breaches the terms of this invitation to tender or fails to fulfil the obligation to honour the other obligations emanating from this proclamation, or does not appear to sign the relevant contract within twenty (20) days of being requested to do so by ETBA the aforementioned letter of guarantee in the amount of 500,000,000 drachmas will be forfeited to ETBA to cover all manner of expenses incurred and work performed, as well as positive damage and lost profit, without ETBA having the obligation to specifically prove such damage or loss and at all events as a penalty clause which is considered to be unreservedly accepted by the parties participating in this invitation to tender.

Letters of guarantee deposited for participation in this process will be returned to the other participants following the award, to the second highest bidder upon the signing of the contract and to the Buyer upon fulfilment of the terms of the contract of transfer.

4. Submission of Additional Details

Together with their financial offer, interested buyers must also submit the following:

a. Six-year business plan for the development of the Company, which is to operate and exploit the Shipyard. By way of indication, the said plan should cover the strategic development of the Company, details of short - and long-term targets, forecasts of financial magnitudes, the internal rate of return (IRR) on capital to be invested, sources and allocation of funds.

b. Investment programme (size, type, time, schedule for realisation of investments and means of financing).

c. Employment policy and programme for secured jobs (number, duration, time schedule).

d. Proposal concerning the guarantees to be furnished in order to make safe any payment by credit, ensure adherence to the business plan and investment programme as well as to secure and maintain jobs.

e. Particulars of the interested buyers indicating their financial standing and business activity to date.

5. Evaluation of Offers

The following principal criteria will be applied in evaluating offers:

- The purchase price offered
- The number of jobs secured for a period of at least six (6) years from the transfer of the shares
- The business plan and investment programme
- The financial solvency and business reliability of the prospective buyers
- The guarantees provided to secure adherence to the terms of each offer
- Any additional benefits to employees, beyond those referred to in clause 6, instance b, of the present proclamation.

It should be noted that offers involving the payment of part of the purchase price with credit will be evaluated by taking into consideration their present value, which will be calculated on the basis of the interest rate ruling for the most recent issue of one year interest bearing Treasury bills prior to such evaluation.

Moreover, for the purposes of evaluation, offers submitted in a foreign currency will be converted into drachmas at the Bank of Greece fixing rate ruling on the last day for submission of the binding offers of this invitation to tender, i.e. on 20.03.1995.

6. By virtue of the contract to be drawn up, the buyer will undertake the commitment to:

a) Maintain the Company primarily as a Shipyard for a period of at least ten (10) years from its signing, of the contract of sale, without ruling out any other parallel lawful use.

b) Transfer, directly and gratis of at least 5% of the company's shares equally to the employees who either remain or are engaged in the Jobs to be secured.

c) Fulfil the contractual obligations already assumed by the Company, including contracts with the Hellenic Navy, the Hellenic Railways Organisation (OSE) and the Athens - Piraeus Electric Railways (ISAP), which obligations the buyer accepts without terms and conditions, while at the same time becoming invested with the rights emanating from the said contracts. It should be noted that the legislation soon to be passed contains special terms on the valuation of the project executed for the construction of frigates for the Hellenic Navy, the settlement of outstanding matters and the specification of the post-transfer course of the contract with the Hellenic Navy.

7. As seller of a majority block of up to 100% of the Company's shares, ETBA will undertake no obligation or responsibility, nor will it provide any guarantee, assurance or statutory declaration concerning the Company's property and financial situation in general, and consequently:

a) The Company's assets, including all fixed and current assets, such as immovable and movable property, claims, trade marks, name, rights etc. will be transferred (up to 100%) to the buyer "as is" and more particularly, in the actual and legal condition and in the place in which they are located at the time of the transfer of the Company's shares, irrespective of the operation or not of the Shipyard.

b) ETBA, as seller, shall not be liable for legal or real defects or the lack of any qualities of the Company's property, nor for their incomplete or bad description in the information Memorandum and relevant correspondence. In the event of any discrepancy, the entries in the Company's books shall prevail, as such entries stand on the date of signing of the contract of sale.

c) The Buyers should, on their own responsibility, using their own means and at their own expense, investigate and form their own opinion of the Company's property and state in their offers that they are fully informed of the actual and legal state of the said property.

d) In view of the fact that the provision of article 44 of Law 1892/90 expressly covers also any non-apparent obligations of the Company, there can be no question of ETBA, as the seller of shares, being liable for such obligations relating to the period prior to the transfer of the Company's shares to the Buyer and under no circumstances does ETBA assume such liability.

8. This proclamation does not constitute a proposal for the drawing up of a contract but an invitation to submit offers. Consequently, the submission of binding offers does not imply the right to be awarded the purchase and in general the parties responding to this invitation to tender do not for any reason whatsoever acquire any right, demand or claim against ETBA from this proclamation, nor from their participation in the tender process.

9. This proclamation was drawn up in Greek and translated into English. In all cases of dispute Greek text shall prevail.

ANNOUNCEMENT BY THIRD PARTIES

The Greek government, through the competent in this matter Alternate Minister for Industry, Energy and Technology, has requested that the shareholder ETBA announce to interested investors that special legislation is being introduced providing, inter alia, for:

a. Ratification by Parliament of the final contract with the highest bidder.
b. The allocation of the highest bidder.
c. The settlement of issues connected mainly with outstanding ownership and financial matters.
d. The settlement of any outstanding legal matters and special terms related to the contract for the construction of frigates for the Hellenic Navy.

INFORMATION

For further information and in order to be supplied with the documents referred to above, particularly the Confidentiality Agreement, Information Memorandum and draft letter of guarantee, interested parties are asked to contact ETBA (Equity Participation Division, 87 Syngrou Ave., 4th floor. Please address enquiries to Messrs N. Anyfantis, tel. (01) 9294612 and A. Papadimitriou, tel (01) 929 4609 and fax (01) 924 1513 and (01) 9241516.

A Così dressed to kill

David Murray enjoys Jonathan Miller's new production

As produced by Jonathan Miller for the Royal Opera, this is as buoyant and engaging a *Così* as you could hope to see. (It is a co-production with the Teatro dell'Opera di Roma, where it opens next month with a different cast.) For once, I really believe that Miller has boarded the opera with no preconceptions whatever, only the intention of bringing the comedy to bright life without resorting to knockabout. No radical re-reading, no bits of historical or psychological background; just da Ponte and Mozart, pleasantly updated, and sympathetic work with a first-rate cast.

There have been more memorable performances of the opera, in terms of overall musical authority; and more poignant ones, and a few that brought out a "darker side". The special charm of this one is that it is charming all the way through. A significant factor in that is Giorgio Armani's costumes, sumptuous casual clothes of the kind that move people to mutter stupid things like "to die for"; the cast obviously adore wearing them, and Simon Keenlyside's Guglielmo has a sly line in sending them up too.

Miller and at least five assistants have devised a single décor to set them off (and stay within the frugal budget). We are in a sunny, high-walled, almost bare room, evidently Italian but not more precisely located. Probably Miller takes the action to be essentially an indoors affair: we get no glimpse of the Bay of Naples, or even a handsbreadth of blue sky – just a low open door with a virulent green tree beyond it. A dust-cover on the sofa suggests that the romantic sisters are more or less in transit. There is a little row of chairs on which people hardly ever sit, and a large dishevelled bed.

Different performances of *Così* turn da Ponte's skewed romantic quadrangle and its two secret centres – the urbane philosophical observer Don Alfonso and the determined intriguer Despina – through quite distinct facets. That is natural, for Mozart is remarkably even-handed with his six principals. Sometimes the would- and would-not-be lovers seem to carry the whole dramatic burden, with Despina and Alfonso mere librettist's devices, triggers for the action; in other performances Alfonso and/or Despina may loom much larger, the fate of their plots and predictions becomes the real issue, and we see it all differently.

This performance leans hard the latter way – perhaps simply because the Alfonso and Despina are Thomas Allen and Ann Murray, respectively a Glyndebourne Guglielmo of 20 years ago and a long-famous Dorabella. Stepping now out of their full-participant roles into detached, ironical ones, watching their new clones find their own way, they command a rare authority, and are witty with it. Allen twinkles with urbane *gravitas* (twinkling gravely is tricky, but he does it). The voice is dryer now, at slight loss to the bass-line in ensembles, but he compensates by making every line musically *interesting* – one listens eagerly.

Alert interplay is pure pleasure: Thomas Allen and Ann Murray command a rare authority as Alfonso and Despina Alastair Muir

Miss Murray's surprising ascent to Despina's high soubrette is so successful that one has to forgive the one Despina hallmark that she lacks, which is the clear, silvery (or even steely) *ping* in the upper register that her music sometimes expects. But the affecting Murray mezzo is kept out of play; and the "new" soprano is otherwise pointed, pretty and persuasive, like the wry regard she casts upon her silly young mistresses.

This Despina is much more of a coolly naughty duenna than a mere ladies'-maid. Her disguises are fetching, though as the Notary she adopts a funny voice that goes out of tune, which I always regret: sung straight, "his" music can be strangely touching as well as funny. The American mezzo Susan Graham's Dorabella is so far a fraction *too* straight in "Smanie implacabile", the aria which should show her a creature of volatile extravagance – but we have no current equivalent of the florid effusiveness that da Ponte was mocking, and Mozart aimed to capture. Everything else about the Graham performance is lovely, and her voice joins Murray's seamlessly in duet.

Keenlyside's flip Guglielmo is comically uncomfortable at each new turn of the plot, and his sinewy baritone makes up in urgent address what it misses in simple warmth. Bruce Ford's lofty Ferrando, sung in noble style, deflates disarmingly again and again.

As for the delectable Amanda Roocroft, a model of lively intelligence, I think we are catching her Fiordiligi at an unstable midpoint. The ditsy soubrette-act that may have been perfect for her earlier Fiordiligis now sits oddly with her riper, chestier tone and grander rhetoric in her big numbers. (Though the lowest reaches of her part sounded thin: Mozart wrote Fiordiligi for a voice with freakish extremes, and Roocroft's soprano is not naturally freakish in that way.) We await a higher synthesis, which should be exciting.

The conductor is Evelino Pidó, whose debut here with Rossini's *Barbiere* was admired in 1993. His Mozart has many thoughtful, unconventional ideas, along with the usual Rossinian slant – fast music *very* fast, slow music melodramatically slow. His reading holds the ear, at the risk of sounding like a string of vividly contrasted numbers: the Act 1 Finale (meaning most of the final scene, not just the last ensemble) was like that, instead of the irresistibly forward-pressing sequence it can be. But that will come; and meanwhile the alert interplay between everybody is pure pleasure to watch and to hear.

'Le Jeune Homme' at the Bastille

Clement Crisp reviews the Paris Opéra Ballet

Nicolas le Riche: marvellous in the Young Man role

Roland Petit's first ballets, made just as the war ended, marked the birth of our modern ballet-theatre. The initial seasons of his Ballets des Champs Elysées in 1945 dazzled Paris and London. Here was the new dance, vividly theatrical, superbly decorated, witty and, above all, young. And of Petit's creations at that time, *Les Forains*, with its sad troupe of strolling players, and *Le Rendezvous* and *Le Jeune homme et la mort* (which both showed young men brought face to face with death), exactly captured the existential concerns of French art at that time. Key works of their period, they survive today as historical documents, but more importantly, as strongly made and theatrically potent ballets.

Le Rendezvous and *Le Jeune homme* were mounted by the Paris Opéra Ballet a couple of seasons ago with great success. In a new quadruple bill at the Bastille, *Le Jeune homme* is again on view, and again thrills its public. It remains, for those of us fortunate enough to have seen him, a portrait of Jean Babilée. Babilée's genius as an artist combined a stunning physical gift with a no less stunning dramatic presence. His Young Man, mop-haired, in paint-stained dungarees, lying on a bed waiting for his beloved, staring at his watch, explosive with physical and sexual energy, was a superb portrait etched on the memory by its fury and despair. (That he returned to the role just over a decade ago and triumphed again in it, is one of the marvels of his art.) Other dancers – notably Baryshnikov – have made fine showings as the Young Man. None, in my experience, has so compellingly claimed it as his own as Nicolas le Riche, the Opéra's newest *étoile*, whom I saw on Thursday.

I have reported over the past few years on Le Riche's performances – his noble Solor, the shifting emotions of his youth in Petit's *Camera Obscura*. He has a grand, pure technique, a still-boyish look (he is in his early twenties), and carries absolute conviction as a dance actor. He is, in sum, very specially gifted.

As Le Jeune homme he marvellously remakes the role. It is still Petit's and Babilée's creation, but subtly modernised. The dancing is big; the young man's frustrations, burning through every step and leap, seem intensely contemporary. And so, too, is Marie-Claude Pietragalla's portrayal of the young woman who is also Death. It is an interpretation which exactly catches the provocative sexuality and the hieratic chic that is the role's essence. Together, Le Riche and Pietragalla renew the ballet for us, and also reassert all its old power. And high over the Paris roof-tops of Wakhevitch's set, the Citroen sign flashes on and off as Death takes the Young man away. The ballet remains a modern masterpiece.

The other masterpiece of the evening was *Agon*, which the Opéra dancers do very well. They have the clarity needed for the marvels of Balanchine's great piece of engineering – every movement Swiss-exact, jewelled, tightly meshed into the score – but on this occasion tempi were too relaxed. A minute off the running time would have made this sublime machine even more fascinating.

The two other works made use of scores rather too Mittel-Europa in style for my taste. Jiri Kylian's view of Janáček's *Sinfonietta* is dutiful – it is dancing Czech to Czech – and the Opéra dancers race and leap with the best, but the naivetés and clichés soon take their toll. It is earnestly hand-loomed. In gaining a first work from the Martha Graham repertory, the company has been landed with one of her late (much too late and much too tiresome) pieces: *Temptations of the Moon*, which mis-uses Bartók. It is, not to put too exquisitely fine a point on it, a stinker.

What Martha Graham concocted – aged 90, and no Titian – was a collection of school-of-Graham predictabilities, which a sale-room catalogue would describe as "after" Graham. The admirable Monique Loudières wears a Hollywood-ish white and silver Halston dress (Halston could quite as well have done the choreography) and Jean-Yves Lormeau is got up in a baby-blue space-cadet's outfit makes him look uneasy – and who should blame him. Bare-chested man and daintily robed girls romp and run and try to make sense of nonsense. It is all supposedly about the Moon, and looks more like a deodorant commercial. If the Opéra ballet is to perform Graham, they must acquire major works: anything less is beneath them.

★

A hiccup in the machinery caused a line to be elided in my notice of the Massine *Sacre* in Nice last week, and give an exactly opposite meaning to what had been written. The text should have noted that Stravinsky admired the Massine version "because the choreographer understood that the score was *not* descriptive, and treated it as an *objective construction*".

And as a traveller's note, let me recommend Eurostar for travellers to Paris. Down with the interminable trudgings and the many vilenesses of Heathrow. Three hours from Waterloo, in a quiet train with reasonably comfortable seating (I was in steerage), you are at the Gare du Nord.

The Opera quadruple bill is on view on January 14, 16.

Recital

Schubert songs

The frost which settles over London musical life every Christmas is taking an unusually long time to thaw this year. The BBC's annual weekend devoted to a 20th-century composer (Hindemith for 1995) has generated valuable intellectual heat and some opera is underway, but of the major concert venues only the Wigmore Hall is at anything near full strength.

On Wednesday night the hall put on the first event in a festival which is to last no less than three years, although it has been shy to tell people about it so far. If any composer is sacred to audiences at a recital hall, it is Schubert. Planning ahead for the composer's bicentenary in 1997, the Wigmore Hall is embarking on an extensive festival of his music, but with so many musical anniversaries in the news at the moment it was probably wise to keep the powder dry on this one for a while.

The central idea is to group Schubert's songs into three defining periods. Not every song will be performed, although even that would not have been impossible, but this year's programme will include a substantial survey of songs from the early years (1811-17), 1996 the middle period (1818-24), and the bicentenary year will have the full flowering of his maturity from 1825 to his death. This is a long journey on which to embark and a good send-off was provided by the tenor Christoph Prégardien on Wednesday.

His recital was unusual in one very important respect. Even now, after several decades in which period instruments have become accepted as the norm for many areas of music, it is not often that a vocal recital is accompanied on a fortepiano. The whole business of singing Lieder suddenly becomes radically different. Perhaps contrary to expectation, the fortepiano makes just as much noise, but the type of noise it makes is comparatively limited.

If the singer is sensitive to the change, he too will restrict himself to basics: a clean line and clear words. Prégardien and his accompanist, Andreas Staier, have experience of working together in songs. The pianist came close to drowning the singer in their opening item, a tempestuous setting of Schiller's lengthy ballad "Die Bürgschaft", but they are always equal partners and it is uplifting to hear Schubert's accompaniments played with such spirit as well as vivid articulation.

Prégardien told the story with the unforced clarity that was among his virtues throughout. As befits a singer with concerns for period style, he has largely eradicated mannerisms as an interpreter, though he does have one purely vocal one: the period singer's fondness for squeezed tone, blanched of vibrato. Songs where this feature was overworked, like "Der König in Thule", started to grate. Otherwise, his liveliness and sensitivity were guaranteed to enliven the programme, which was made up of settings of Schiller and Goethe. As far as the Schubert festival is concerned, the ice has been broken.

Richard Fairman

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERTS

Het Concertgebouw Tel: (020) 671 8345

● Semiramide: by Rossini. Ion Marin conducts the Royal Symphony Orchestra at 1 pm; Jan 28

● The Royal Concertgebouw Orchestra: Valery Gergiev conducts Bartók and Stravinsky at 8.15 pm; Jan 25, 26, 27

OPERA/BALLET

Het Muziektheater Tel: (020) 551 8922

● L'Italiana in Algeri: by Rossini. Produced by Dario Fo, conducted Alberto Zedda at 8 pm; Jan 22, 24, 26

■ BERLIN

OPERA/BALLET

Deutsche Oper Tel: (030) 341 9249

● Ballet Evening: conducted by Sebastian Lang-Lessing. Nacho Duato, Glen Tetley and Harris Mandafounis choreograph works by Debussy, Poulenc and Stravinsky at 7 pm; Jan 27 (7.30 pm)

● Madama Butterfly: by Puccini. Conductor Sebastian Lang-Lessing, production by Pier Luigi Samaritani at 7 pm; Jan 21 (5 pm), 26 (7.30 pm)

● Oedipus: by Rihm. conducted by Peter Keuschnig, produced by Götz Friedrich at 7 pm; Jan 22

Staatsoper Unter den Linden Tel: (030) 2 00 4762

● Die Zauberflöte: by Mozart. Conductor Daniel Berenboim, production by August Everding at 7 pm; Jan 22

■ BRUSSELS

CONCERTS

Philharmonique de Bruxelles Tel: (02) 507 8434

● Champs-Elysées Orchestra: with cellist Christophe Coin and conductor Phillipe Herreweghe plays Schumann at 8 pm; Jan 23

● Philippe Herreweghe: conducts the Orchestra des Champs-Elysées to play Schumann at 8 pm; Jan 23

■ FRANKFURT

CONCERTS

Alte Oper Tel: (069) 1340 400

● Philharmonia Orchestra London: with pianist Tzimon Barto, and conductor Lawrence Foster plays Beethoven and Brahms at 8 pm; Jan 24

■ LONDON

CONCERTS

Barbican Tel: (071) 638 8891

● Fauré: Requiem: City of London Sinfonia conducted by Harry Christophers plays Fauré and Mozart at 7.30 pm; Jan 20

● Pierre Boulez: conducts the London Symphony Orchestra to play Stravinsky, Webern, Bartók and Boulez's own, 'Notations I-IV' at 7.30 pm; Jan 22 (3 pm), 24, 26, 29

● Popular Classics: with the London Concert Orchestra conducted by David Arnold. Highlights include Ravel's 'Bolero' and Strauss' 'Blue Danube Waltz' at 8 pm; Jan 21

Festival Hall Tel: (071) 928 8800

● Royal Philharmonic Orchestra: with soprano Galina Gorchakova and conductor Valery Gergiev plays Wagner at 7.45 pm; Jan 24

● The London Philharmonic: jazz meets the symphony. Lalo Schifrin conducts this fusion of classical and jazz traditions at 7.30 pm; Jan 29

Queen Elizabeth Hall Tel: (071) 928 8800

● The 1995 Mozart Birthday Concert: the Britten Quartet with Norbert Blume (viola) and Leon McCawley (piano) at 3 pm; Jan 29

GALLERIES

Barbican Tel: (071) 638 8891

● Impressionism in Britain: the first comprehensive survey of the development of Impressionism in Britain. Over 200 works by over 100 artists including Degas, Rothenstein and Whistler; to May 7

National Portrait Tel: (071) 306 0055

● The Sitwells: the arts of the 20's and 30's through the eyes of the Sitwells; to Jan 22

Royal Academy Tel: (071) 439 7438

● The Painted Page: Italian Renaissance book illustrations from 1450-1550; to Jan 22

OPERA/BALLET

English National Opera Tel: (071) 632 8300

● Figaro's Wedding: in house debut for conductor Derrick Inouye at 6.30 pm; Jan 21, 26, 28

● Rigoletto: Jonathan Miller's updated version of Verdi's opera where the duke is a mafia boss at 7.30 pm; Jan 23, 27

Festival Hall Tel: (071) 928 8800

● Swan Lake: by Tchaikovsky. The English National Ballet choreographed by Raissa Struchkova and supported by its Orchestra at 7.30 pm; to Jan 21 (Not Sun)

Royal Opera House Tel: (071) 340 4000

● Cosi Fan Tutte: by Mozart. A new production directed by Jonathan Miller. Conductor Evelino Pidó. In Italian with English surtitles at 7 pm; Jan 23, 25, 28

● Otello: by Verdi. Conductor Carlo Rizzi, director Elijah Moshinsky. In Italian with English surtitles at 7.30 pm; Jan 20, 24, 26

THEATRE

National, Lyttelton Tel: (071) 928 2252

● The Children's Hour: by Lillian Hellman, directed by Howard Davies at 7.30 pm; Jan 20, 21 (2.15 pm)

National, Olivier Tel: (071) 928 2252

● The Merry Wives of Windsor: by Shakespeare. Terry Hands directs his first production at the National. With Denis Quilley as Falstaff, Brenda Bruce as Mistress Quickly and Geraldine Fitzgerald as Mistress Ford at 7.15 pm; Jan 27, 28 (2 pm)

Riverside Studios Tel: (081) 741 2251

● Hancock's Last Half Hour: by Heathcote Williams, directed by Mark Piper. Set in a Sydney rented apartment, Jim McManus relives comedian Tony Hancock's last hours at 8 pm; to Feb 11 (Not Sun)

■ MADRID

CONCERTS

Fundación Juan March Tel: (91) 435 48 40/435 42 40

● Henry Purcell and Other English Composers: a series of concerts of works by English composers such as Purcell, Tallis and Gibbons at 7.30 pm; Jan 25

■ NEW YORK

GALLERIES

Guggenheim Tel: (212) 423 3652

● The Italian Metamorphosis 1943-1968: a survey of visual arts in the postwar period; to Jan 22

Museum of Modern Art Tel: (212) 708 9480

● A Century of Artists' Books: Exhibition of 140 books from some of this century's foremost artists; to Jan 24

OPERA/BALLET

Metropolitan Tel: (212) 362 6000

● Die Fledermaus: by J. Strauss. Sung in German with English dialogue at 8 pm; Jan 21

● L' Elisir d' Amore: by Donizetti. Produced by John Copely, conducted by Edoardo Müller at 8 pm; Jan 21 (1.30 pm), 24, 28

● Le Nozze di Figaro: by Mozart. Produced by Jean-Pierre Ponnelle, conducted by James Levine at 8 pm; Jan 20, 25, 28 (1.30 pm)

● Simon Boccanegra: by Verdi. A new production directed by Giancarlo del Monaco. James Levine conducts the opening night cast of Cheryl Studer, Plácido Domingo and Vladimir Chernov at 8 pm; Jan 23, 26

● Turandot: by Puccini. Produced by Franco Zeffirelli, conducted by Nello Santi at 8 pm; Jan 27

■ PARIS

CONCERTS

Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24

● National Orchestra of France: with violinist Sarah Chang and conductor Charles Dutoit plays Ravel, Lalo and Stravinsky at 8.30 pm; Jan 24

● Soirée Beethoven: part of the 'Prades aux Champs Elysées' series featuring oboists J. Louis Capezzali and Christian Schmitt at 8.30 pm; Jan 20

● Soirée Mozart: part of the 'Prades aux Champs Elysées' featuring violinist Raphael Oleg at 8.30 pm; Jan 21

■ WASHINGTON

CONCERTS

Kennedy Center Tel: (202) 467 4600

● National Chamber Orchestra: 10th anniversary gala concert with the Washington Bach Consort; at 8.30 pm; Jan 25

● Washington Chamber Symphony: Stephen Simon conducts Bach and Haydn at 7.30 pm; Jan 20, 21

OPERA/BALLET

Washington Opera Tel: (202) 416 7800

● The Bartered Bride: by Smetana. Conducted by Heinz Fricke. In English at 8 pm; Jan 21, 25

● Vanessa: by Samuel Barber. Director Michael Kahn, conductor Christopher Keene at 8 pm; Jan 20, 23 (7 pm), 26, 29 (2 pm)

WORLD SERVICE

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Europa: **Dominique Moïsi**

An awkward time for France to take over

This is the first in an occasional series on European political and economic affairs written by a distinguished panel of contributors

France has taken over the presidency of the European Union at a difficult time. It confronts a series of domestic and international dilemmas, made more complicated by this spring's presidential election.

Three fundamental questions must be addressed. Can a Janus-faced French government – relying on support from both pro- and anti-European political factions – pursue the goal of European unity with sufficient clarity and prudence to avoid alienating voters in the election?

Can France underline the specific nature of its policies, while maintaining continuity with the preceding German EU presidency – keeping alive the initial, perhaps somewhat far-fetched, concept of a joint Franco-German presidency?

And can France pursue the idea of a strong and cohesive Europe, in spite of the Union's necessary and inevitable enlargement?

France has declared four priorities for its presidency. First, it wants to boost growth and employment to recapture the support of European electorates, who have grown reluctant to surrender sovereignty and identity to the EU, and are sceptical about whether this would bring benefits in terms of increased world influence.

France sees pursuit of economic and monetary union, together with initiatives to finance and implement important public works projects, as two essential methods of attaining these objectives.

The second priority is security. The war in the Balkans is a big cause of Europeans' loss of faith in themselves and in the project of European union. Both Europe's self-respect and its long-term security – for which it can no longer rely solely on the US – are at stake. Implementation of the stability pact between the EU and its would-be members in central and eastern Europe, known as the "Balladur plan", by itself cannot resolve the Balkan conundrum.

The plan does, however, offer a diplomatic framework to reduce the risk of Balkanisation of security problems in other parts of formerly Soviet-controlled Europe.

The third French priority highlights most clearly the intended contrast with the previous German presidency. France will try to attain a better geographic balance in the external relations of the Union.

Officially, France has been highly discreet in handling the question of enlargement towards central and eastern Europe, for two contrasting reasons: it considers enlargement inevitable, but its true priorities lie to the south. As a result of this second point, the French are preparing a series of measures to shift the EU's attention towards the southern Mediterranean flank.

The destabilisation of Algeria, and the escalating violence and human rights infringements there, are matters of concern to all Europeans

Paris has long felt that the EU as a whole should be concerned with the conflict in Algeria, for this country is far more than simply a French post-colonial backyard. The destabilisation of Algeria, and the escalating violence and human rights infringements there, are matters of concern to all Europeans.

France's fourth priority also marks a difference with Germany: it wants to defend the European Union's cultural identity. This objective is in line with France's historical record on the subject, epitomised by its stand in the audiovisual field during the Gatt negotiations.

As a centrepiece of its European strategy, France will emphasise the importance of the relationship with Germany. In spite of recent tensions, a pilgrimage to Bonn remains a must for any French presidential candidate, as shown most recently by Jacques Chirac.

Yet behind the traditional rhetoric of Franco-German reassurance, many in France feel that history is proving unfair to the French. As Europe enlarges towards the north and east, a unified Germany is taking on the features of Europe's central power, while France feels geographically marginalised, if not weaker, by comparison.

When the threat of Islamic destabilisation is taken into account, across the Mediterranean and maybe even at home, France appears vulnerable indeed.

If, in the new Europe, Germany looms larger, and France smaller, should not France play the UK card to try to restore the balance? Even if last November's Franco-British summit in Chartres was more important in terms of symbols than substance, there is no denying the rapprochement between Paris and London. It is the product of several factors:

- In the conflict in the former Yugoslavia, even more than in the Gulf war, the French and the British have come to know each other better and have realised just how much they have in common.
- Britain is becoming aware that its special relationship with the US no longer brings the traditional benefits and has effectively come to an end.
- London has its own reasons for seeking to loosen the Franco-German special relationship – without being foolish enough to seek to break it.
- The French themselves have an interest in signalling to the Germans that they are considering an alternative to Bonn's espousal of a "federal" Europe. Given Britain's reluctance to pursue a strategy of further EU integration, the relationship with the UK can be viewed as a flirtation rather than an attempt at a second marriage. But it is a serious flirtation, all the same.

The presidential race and the electoral climate will affect the French EU presidency in ways that are far from clear. Jacques Delors, the former European Commission president, refused to become a candidate, even though he enjoyed superiority in the polls over Jacques Chirac and (to a lesser extent) over Edouard Balladur. He did so despite (or maybe because of) his crystal-clear pro-European position, including his support for a federation of nation states.

When Chirac called for a new referendum over economic and monetary union, his popularity in the polls receded further. The conclusion is clear: the French in their majority want more Europe, but a Europe that will amplify their own vision of the continent's future without diminishing their country's role as a medium-size, independent, nuclear power and a permanent member of the UN Security Council. France does not want to risk losing these sovereign attributes to Brussels.

The forthcoming elections make the timing of the French EU presidency far from ideal. But the real dilemma goes much deeper. France wants a strong Europe, but with weak institutions that will not undermine its claim to continue to act as a *Grande Nation*. As long as France fails to resolve this fundamental contradiction, its policies towards Europe will be dogged by problems.

The author is deputy director of Institut Français des Relations Internationales, based in Paris

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Adam Smith: a morality for laissez faire or for extended state intervention?

From Mr John S Warren.

Sir, Michael Prowse's article, "Adam Smith and the virtue of Capitalism" (January 16), should be required reading by politicians, economists, businessmen and trade unionists.

It is the distinction of his article that he so trenchantly explores the moral basis of Smith's *laissez faire*. Prowse claims that the duty of individuals to take care of themselves is to Smith a cardinal virtue, turning on its head Hutcheson's conception that virtue requires a benefit to others rather than the self. And so it has been interpreted by many of Smith's modern followers, altering Smith's austere proposition into a wider pursuit of "self esteem", and "self development" as pre-eminent moral goals. Some modern thinkers have reinforced these goals with an array of "duties to the self" that leave little room for obligations to anyone else.

Smith's duty of individuals to care for themselves rests on the underlying moral requirement not to burden others. In this sense the duty is not a shift in the moral perspective but rather a denial of self.

Smith asserts the separation of "benevolence" from "justice" (or duty), which begins a long philosophical journey completed by Kant, in its most extreme form by applying moral worth only to duties. Smith placed morality, stripped to the bone of "duty", at the centre of his economic system. He was not, however, a Kantian and duty was not its own reward. He expected his system to lead to the material enhancement of civil society, beyond merely the rich. He saw such an improvement in his own society and he described it eloquently in the *Wealth of Nations*, but he could not explain its operation.

Adam Smith's economic system now prevails round the world, though it is honoured in Britain as much in the breach of free markets as in the observance of "free enterprise". Nor can it be otherwise until Britain takes the only regulatory measure that will serve free markets, free enterprise and the citizen: the enactment of strong anti-trust legislation.

John S Warren,
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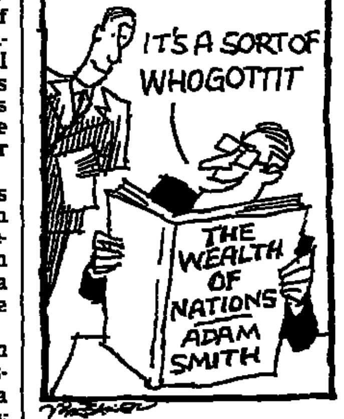
From Dr Mohammad Muzammil.

Sir, Michael Prowse's article is interesting and topical. Some of the most delicate issues are explored. In fact, there is no conflict whatsoever in the Smithian views in the *Wealth of Nations* and in the *Theory of Moral Sentiments* regarding the basic instincts regulating human behaviour. The Smithian emphasis on self-love underscores the fact that the general economic activities of the society never come in conflict with the self-interest of any individual. Smith says that the instinct of self-love is immediately balanced by sympathy and human behaviour is regulated by six innate instincts: self-love, sympathy, desire to be free, habit of labour, sense of propriety, and the propensity to truck, barter and exchange one thing for another. Given these, Smith argues, the economy would always remain in balance.

The failure of Communism is a proof that any economic system which is based on principles and legislations that ignore the free play of the innate instincts is bound to fail. The assumption of prudence which precariously balances the self-interest and benevolence is not true only for individuals but also for government because, Smith says, what is prudence in the case of an individual can scarce be a folly in the case of a great kingdom.



The private investor, while seeking his own profit, also promotes an end (creating jobs for others) which was no part of his intention. He is in this, as in many other cases, says Smith, led by an invisible hand (the market forces). He believes government should perform only three basic functions: protection of the country, administration of law and order, and carrying out those public works which individuals cannot perform because there is no profit motivation. Money is more fruitful in the hands of the people than in the hands of the government.

But a big question still remains regarding the intervening role of the government, though in a different way. Government need not have to be an entrepreneur itself but it must see that all entrepreneurs are working justly and fairly. Adam Smith says that whenever and wherever capitalists (monopolists) assemble, even for merry making and amusement, they never fail to connive against consumers! Can the modern, democratic government rise above the self interest of politicians to keep a fair surveillance?

Mohammad Muzammil,
visiting fellow,
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From Prof Alexander Dow, Mr Alan Hutton and Mr Michael Keaney.

Sir, Contrary to Michael Prowse, Adam Smith's support of the market system was so far from unqualified that some scholars have seen in the *Wealth of Nations* an advocacy of extended state intervention, as opposed to "free markets". Emphases differ, but there is no doubt that Smith's conception of the role of government was much wider than that of some of those who invoke his name today.

Smith never intended the *Wealth of Nations* to be some kind of blueprint for capitalism. Rather, it was his desire to understand, as a philosopher, the transition from a feudal to a commercial and industrial economy. As he himself argued, the job of the philosopher was to tie together seemingly unconnected phenomena, preferably by means of a simple analogy familiar to the intended audience. As Newton's physics had provided an explanation of planetary movements within a mechanistic system, so Smith used the mechanical analogy to describe the capitalist economy workings.

As a member of the Scottish historical school of philosophers, Smith saw government attempts to preserve the privileges of old monopolies, such as the East India Company, as futile and contrary to the march of events. Instead, new types of intervention would be required, including the provision of education, professional armed forces, public works (roads and canals), and a public health service.

To present Smith as a libertarian icon is a misinterpretation. In arguing that redistributive taxation is by definition undemocratic, Prowse ignores the possibility that in a democracy people may choose to support just such policies. To deny them that choice because of a particular view of taxation is itself undemocratic.

For the thinkers of the Scottish Enlightenment, humans are social creatures and society is the fundamental unit of analysis. Effective governance must be founded upon consent. In contemplating the outcomes of an unfettered executive labour market we might follow Smith in the view that good government in a consensual society requires a proper balance between freedom and responsibility, involving a sense of fairness, or benevolence. For while justice may be the pillar upon which society stands, what is social intercourse without human kindness. Prowse's vision of society, as a nexus of faceless contractors, is alien to the moral philosophy of Adam Smith.

Alexander Dow,
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From G R Irons.

Sir, The wrestle between Michael Prowse's Christian conscience and economic reality continues. Having previously cited the eminent works of Hayek and Mises, Prowse now calls upon Adam Smith's 'impartial spectator' to lend credence to the morality of free markets and the concomitant role of limited government.

The problem for the 'impartial spectator', however, is not the eponymous trade unionist's misplaced restriction on entry into his trade. Rather, it is whether structural changes to employment and relative living standards *within* western economies, wrought by emergent industrial competitors, can be tolerated for a lengthy duration.

The problem is compounded because conflict exists, not between morality and markets, but between economic morality and social morality.

The dilemma for moralists is how to reconcile the essentially Darwinian principles of the market with social expediency. Unfortunately this clash between discipline and discretion does not provide an intellectual, ineluctable outcome.

It is the task of political leaders to bridge the breach. It is they who must persuade the electorates of western democracies for instance, that the robust virtues of free markets have the capacity to guide evolutionary changes in social welfare systems that will transform them into truncated, affordable alternatives without ruining the social priorities of 20th century civilisation.

The objective of this secular devotion is greater resource efficiency that will underpin increased competitiveness in the global economy. The moral high ground will be claimed by those envisaging more individual responsibility, but some consciences will remain unreconciled.

G R Irons,
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Weighting of index is impractical

From Mr Richard Pain.

Sir, In his letter of December 29, Graham Cox suggests that the FT-Actuaries World Index should consider weighting the country indices by a share of relative gross domestic product in order to correct for the double counting problems seen in some markets.

This idea has been considered by the World Index Policy Committee, but rejected for practical reasons and doubts as to its correctness. GDP would not distinguish between the quoted and non-quoted sectors, nor allow for differences in the relative importance of foreign earnings to the local quoted market (for example, the Netherlands).

Furthermore, the local GDP makes no allowance for individual markets' valuations of the earnings flow coming from that GDP.

Though some company holdings of other companies' equity may remain unchanged over a period, all are liable to change and it becomes difficult to incorporate an exact adjustment in a dynamic index.

For these reasons the World Index Policy Committee has retained the very simple use of total quoted equity capital (adjusted only for foreign ownership restrictions), leaving it to users to make their own adjustment where they wish to allow for the impact of the double counting problem.

Richard Pain,
chairman,
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London WC1, UK

Better ask non-drivers

From Mr Michael Sweetman.

Sir, John Griffiths writes that the Lex Report on Motoring finds more than 80 per cent of drivers say they do not think increased spending on roads would reduce congestion ("Drivers display double standards", January 18). The implication of this result is that less road spending would not necessarily be detrimental. However, we can only reach such a conclusion from this result if we also know the result to the counter-factual question: "In the absence of more road building, how much worse would congestion be?"

Therefore, unless "more" spending is defined relative to the growth in traffic volumes, it is very difficult to answer these questions.

The only conclusion we can probably make from this result is that those surveyed expect the rise in traffic volumes to be very large (because they assume "more" spending will not be sufficient to lower congestion). A better way of discovering this data would be to survey non-drivers, since their choices will decide this.

Michael Sweetman,
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Preferable interpretation of history

From Mr Jonathan Ruffer.

Sir, I preferred O'Higgins' interpretation of history to Barry Riley's ("A harder way of beating the Dow", January 18). Primary research often throws up surprising answers. O'Higgins' conclusion that bonds are cheap and equities expensive may prove wrong, but how much of a "gamble" is it, and how brave is it to back what Riley calls "a regression to the mean"?

Barry Riley suggests two things have changed fundamentally. The gold standard has gone, and the welfare state arrived. But what was so very different about the gold standard? When supply increased, prices also did (notably after the Californian gold boom of 1848 and the South African discoveries of the 1890s) – and vice versa. The key for most currencies during that period was convertibility; did you link hands with the strong unit of value, and preserve the currency, or take the consequences? This is precisely Mexico and Argentina's conundrum today – and Europe's.

As for the welfare state, Barry Riley provides his own answer. A modern welfare state when faced with severe fiscal problems must either cut back or see its currency collapse. Politically unacceptable? So was the situation in Sarajevo, until it became accepted as inevitable.

It is a dishonesty to suggest that only an idiosyncratic interpretation of history points to deflation. Nothing is guaranteed – but with the bond markets priced for inflation, and the equities not discounting deflation, I'm glad that my investment weightings don't match those of the average pension find.

Jonathan Ruffer,
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Outdoor management training best without team competition

From Mr Ian L Fothergill.

Sir, I refer to the article on Wednesday entitled "Outdoor training courses criticised" (January 4), reporting the research findings of Ibbetson and Newall on the psychological effects of competitive Adventure-Based, Experimental Learning (ABEL) courses.

With respect to your correspondent, outdoor training *per se* was not criticised by the research, rather the introduction of the competitive element. Ibbetson and Newall's research has an interesting, if self-evident conclusion. Unsurprisingly, winners had very positive reactions to the competitively focused training while the losers had negative feelings about it. The research only measured individuals' personal reactions to this competitively focused training, rather than, and I quote from the report, "measures of learning or behaviour change back on the job".

Outward Bound corporate courses do not focus on inter-team competition because it negates the whole purpose of outdoor management development based on the ethos of Kurt Hahn, the father of the experimental learning philosophy and the co-founder of Outward Bound.

It is entirely logical and predictable that once inter-team rivalry is introduced there must be winners and losers. Competition destroys the Kurt Hahn principle.

Indeed, Ibbetson and Newall's report suggests that such a course would be run better without inter-team competition and scoring. Outward Bound has been proving that for more than half a century.

Take away the competitive element and there are individuals and teams, all of whom are winners on an Outward Bound course.

Ian L Fothergill,
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FINANCIAL TIMES

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Friday January 20 1995

IMF dilemma over Russia

There could hardly be a worse time for the west to bet a sizeable sum on the Russian government's stability and commitment to macro-economic reform. A regime weakened by in-fighting in Moscow and the suppression of its own subjects in Chechnya is not one that the international community can readily support. The dilemma facing the International Monetary Fund mission, now in Moscow, is that the consequences of failing to support the reformers would probably be even worse.

The IMF economists must decide whether to disburse US$6.25bn to support the economic stabilisation programme hammered out with reformers over the past few months. The loan, coupled with a $6bn stabilisation fund in support of a pegged rouble, would be the IMF's first full-scale package of support for the country, which it previously judged incapable of meeting its tough conditions.

It is ironic that political doubts may prevent the fund from agreeing a deal. Successive IMF missions have relaxed the conditions for granting support, precisely for fear of the political fall-out of maintaining a hard line. None wanted to be accused of "losing Russia". Meanwhile, reformists in the Russian government have moved closer to the IMF's position after seeing the results of a more gradualist approach to reform; not least, the chaos of last autumn's rouble collapse.

Budget deficit

The result was the 1995 budget plan submitted to parliament in November. It fell short on several counts. But it contained the three ingredients which previous plans had lacked: rules against monetising the budget deficit, the nominal anchor of a pegged exchange rate, and $13bn in western support. An official commitment to the first two made it worthwhile offering the third. The question is whether events since November have altered that judgment.

Clearly the budget deficit will now exceed the roughly 8 per cent of GDP which the government previously promised for this year. The IMF always expected the outcome to be closer to 10 per cent. Changes imposed during the Duma's first reading of the budget are likely to push it even higher, regardless of the ultimate cost of the Chechen misadventure.

The IMF ought to be concerned about the war's effect on public expenditures, but it must not be over-stated. The government claims that its revised budget, which parliament has still to approve, allows for the new spending, without raising the budget deficit. This may seem implausible, but the economic implications of the Chechen mess are easier to swallow than the political ones.

Political judgment

Not for the first time, the IMF is being faced with a political judgment it is ill-equipped to make. It is not within the IMF's remit to lay domestic political conditions for the receipt of aid. What it must do, however, is ensure that those who have agreed the conditions of the package are in a position to carry out their promises.

For all the political uncertainties in Moscow in recent weeks, there has been encouraging evidence that reformers, such as the prime minister, Victor Chernomyrdin, can deliver reforms, under western pressure. Replacing oil export quotas with a tariff system has partially liberalised trade in the sector and ought to encourage a further rise in domestic prices and tax revenues. Moreover, Mr Chernomyrdin and the President, Boris Yeltsin, this week firmly over-ruled comments by the privatisation minister which had raised Western fears about impending re-nationalisation.

The IMF may be able to win minor changes to the budget before agreeing the deal, but an even more ambitious proposal would stand little chance of passing through parliament in the current climate. A budgetary overshoot of some 2-3 per cent of GDP would not make the difference between short-term stabilisation of the economy and further collapse into hyper-inflation and political disorder. Nor, conceivably, would the continuation of a war in Chechnya. What will be required, however, is the personal commitment of Mr Yeltsin and the credibility given by western support. The IMF must seek the first, then gamble its money on the second. The Russian reformers have staked everything on getting western support. To withhold it now risks destroying them.

Cleaning up the Maxwell mess

When alive, Mr Robert Maxwell, the media tycoon, relied on cohorts of people to tidy up after him: from picking up his dirty towels, to chasing after potential deals which took his fancy. More than three years after his death, several dozen firms of lawyers and accountants worldwide are still tussling over his collapsed empire. The question now is how successful they will be in recovering assets, and whether other tactics would have produced a better result for pensioners, creditors and shareholders.

When the Maxwell private companies, one of the four arms of the Maxwell group, were taken into administration by the courts, they owed about £1.5bn, mainly to other Maxwell companies. Public attention has focused on the £440m plundered from pension funds of Maxwell companies. However, Mr Maxwell's public companies, Mirror Group Newspapers and Maxwell Communication Corporation, also lost over £600m in other assets.

A sixth of the misappropriated total was burnt up in schemes to support the share prices of the public companies; much of the rest was pledged to banks across the world as security for loans. Many parallel attempts to recover money and to allocate blame are now under way. Civil suits have begun, and criminal trials of some directors may start this year. Sir John Cuckney, appointed in 1992 by the government as an adviser to the pensioners, has also been trying to broker a deal between pension funds and banks, although his proposed "global" settlement has recently stalled.

Sharply criticised

As the parliamentary select committee on social security has pointed out, the efforts have not been cheap. It reported last summer that lawyers' and accountants' fees had already amounted to £52m, and could eventually reach £100m. It sharply criticised some advisers for failing to keep fees at an appropriate proportion of funds recovered.

Even so, the administrators' current tally is not bad. About £140m of pension money has been recovered, and so far, all pensions have been paid in full. Overall, the administrators have raised £600m to pay creditors, and believe there is more to come.

The final reckoning will depend greatly on future court actions and on settlement talks. In retrospect, the government was well-meaning but naive in setting up Sir John Cuckney's team. Ministers underestimated the practical difficulties; talks have been complicated by firms' insurance cover for professional negligence, for example. There is also a risk that, unless the Cuckney team has extensive knowledge of pending civil actions, some parties may try to use a settlement to pay less than they would do in court.

Hard-nosed

Moreover, ministers did not expect the banks' hard-nosed response to appeals for sympathy, particularly those banks for which the UK is a relatively small market. Those which have chosen to settle appear to have been prompted as much by self-interest as by the pensioners' plight.

But provided pressure is maintained, it is reasonable to hope at this point that pension funds will recover most of the stolen assets, and that other creditors will receive half of what they are owed. That would represent an impressive result for the administrators, and a relief for creditors, given the paltry sums which they receive in many fraud cases.

Some concerns remain. First, although bilateral talks between pension funds and banks continue, a settlement cannot yet be taken for granted. Public opprobrium towards banks which continue to hold pension assets, and the threat that business will suffer, is the pension funds' main tool; ministers should take every chance to strengthen their hand.

Second, it seems likely that pensioners will fare much better than other creditors, particularly unsecured ones. That outcome is desirable. But given that much of the pensioners' success will be due to political pressure, the concern is that, in less prominent cases, pensioners will fare poorly.

In debating the Pension Bill, now passing through Parliament, MPs should remember that, while the eventual outcome of the Maxwell morass may be better than many feared, the questions it raised have not disappeared.

Economic reforms on parole

Nigeria is promising bold budget measures, but the government still lacks credibility, says Paul Adams

Africa's debilitated giant has started to come to terms with economic realities in the past few days.

General Sani Abacha, Nigeria's military leader since 1993, delivered a budget address intended to put Nigeria back on the path of structural adjustment and bring it back into the fold of the International Monetary Fund and World Bank.

He announced that he was liberalising exchange rates, slashing the budget deficit, lifting restrictions on foreign investment and bringing secret "dedicated" bank accounts – into which oil revenues had been diverted for dubious purposes – under central bank control.

Gen Abacha's promises brought a cautious welcome from creditors, donors and investors in Africa's most important economy after South Africa.

But 30 years of mismanagement, the squandering of earnings from oil exports currently running at some 1.8m barrels a day and an external debt exceeding $30bn have sapped the wealth of Nigeria's 90m people and eroded the credibility of successive governments.

Like a parole board examining a hardened offender, those who know the record of Nigerian governments over the past decade are asking whether it is too late for the administration's character to change even if it has the will. "On balance the budget is positive, but the key to all this is the implementation," says one western economist in Lagos. We have, say the sceptics, been here before.

It was in 1986, backed by the World Bank and other donors, that General Ibrahim Babangida, the previous military head of state, adopted a structural adjustment programme in an attempt to move the economy out of the doldrums after a crash in the oil market.

The naira was devalued and trade liberalised. The programme scrapped state commodity boards which had stifled Nigerian agriculture, opened up the banking system, and ended the corrupt and inefficient system of allocating foreign exchange through import licences.

But by 1990, the programme had fallen into disarray and the government's political will had been sapped by corruption and the vested interests of powerful officials, especially in the army.

The lack of transparency in government finances had allowed millions of dollars of state oil revenues to be diverted into the pockets of politicians, army officers and civil servants, and encouraged the wasteful spending of reserves which could otherwise have been used to stabilise the economy. The currency crashed, inflation rose sharply, the rich got richer and everyone else blamed "SAP", the acronym of the country's structural adjustment programme. Nigerians believed that they had embraced a liberal economic system and that it had failed.

After Gen Abacha took power, he soon abandoned the principles of market reform, snubbed western creditors and donors and went back to policies of state control in the belief that they would make his government popular.

This week, 14 months later, the general has performed a volte-face and won qualified praise from the private sector. "To have scrapped the exchange control act and the enterprise promotion decree [limiting foreign investment], which we have been requesting for years, was a bold move," says the head of a merchant bank in Lagos.

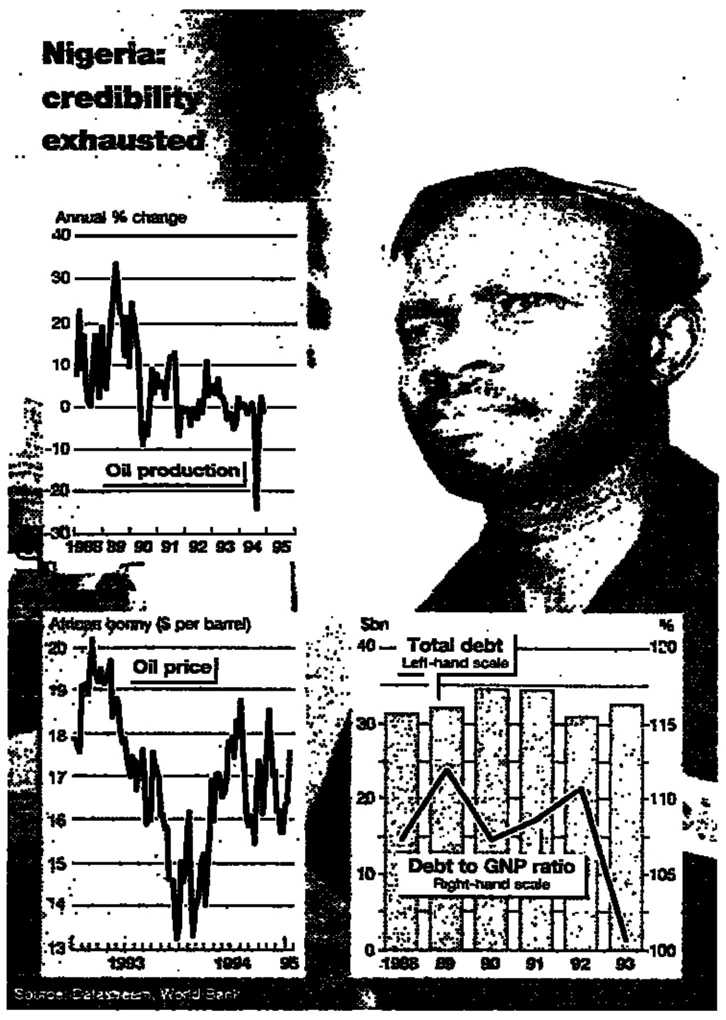
"Having done all that, it is a shame that they could not have gone the whole way with the foreign exchange and money markets. They should have allowed us access straightaway to the oil companies' inflow of dollars and scrapped the ceiling on interest rates. But these are details which can be changed."

Mr Imo Itsuele, head of Dubri Oil, Nigeria's first locally-owned oil producer, believes that the private sector has to push for more reform. "We have been calling for deregulation and we have got some of it, but the government has not worked out all the details, for example on the proposed leasing of state-owned oil refineries. The private sector can help to fill the vacuum before the opponents of deregulation get back some control," he says.

All observers agree that one of the problems that has yet to be solved is wasteful government spending. Rather than cutting ministries, Gen Abacha proposes to add two more this year.

Two unscripted highlights of the budget briefing by Mr Anthony Ani, the acting finance minister, in the capital Abuja on Monday revealed how difficult it would be for ministers to assert any authority.

As he condemned road blocks where local officials extract illegal tolls as a hindrance to trade, Mr Ani said that the police would ensure that this practice was stopped. This suggestion made the incredulous audience laugh so loudly that the noise drowned out the next words of Mr Ani who, together with the minister of the interior and other colleagues, joined in the laughter until it subsided.



More embarrassment was to come. While announcing tariff reforms, Mr Ani removed rice from the list of banned imports. Importing rice, under special government waivers, can be a lucrative business in Nigeria.

As he ended his speech, Mr Ani received a note from the head of state and announced one amendment: rice was to remain as a banned import.

Corruption and mismanagement in the public sector have undermined Nigerians' confidence in their own security forces, state-owned corporations, the civil service and the judicial system. The performance of the public sector has declined to a level where it is doubtful whether the existing institutions are capable of the reforms needed to revitalise the economy and restore investors' confidence.

Meanwhile, Nigeria's infrastructure is deteriorating. Its extensive network of roads is decaying, the railways are barely functioning, electricity and water supplies are inadequate and fuel shortages have a damaging effect on the economy.

However much international businesses may welcome the effort to encourage foreign investment, Nigeria's bleak history and the well-founded scepticism of potential investors suggest there will be no quick response from abroad.

The budget decision to abandon limits on foreign investment and ease exchange controls should make it easier for multinationals to invest in Nigeria, but other parts of the developing world provide more stability, a better workforce and better infrastructure.

Apart from its abundant natural resources, Nigeria offers to the investor a large domestic market, but this is a weakness as well as a strength. The crisis in health and education points to a bleak future for a population which will double in 25 years at the current growth rate to 180m.

Sustaining an economic reform programme under these circumstances is hard enough; but Gen Abacha's problems are compounded by the struggle involved in meeting demands for a return to civilian rule after an unbroken nine years of military control.

The annulment of the presidential election in 1993 aroused feelings of resentment which have exacerbated the divisions between the north and south of the country. With the successful presidential candidate, Chief Moshood Abiola, from the Yoruba south still detained, few Nigerians are confident that Gen Abacha will fulfil his promise to hand over power to a civilian government in the foreseeable future.

His priorities will be to maintain his grip on power while implementing what is likely to be a painful and unpopular economic adjustment programme.

In an effort to keep his army loyal, Gen Abacha recently promoted 32 generals. He can also draw on a substantial defence budget to win the support of the 60,000 soldiers. Yet the army has almost no military operational role apart from a large peacekeeping force in Liberia, now being reduced, and some small UN contingents. There are admirals for a fleet of two frigates which never sail and an air vice-marshal for war planes which cannot fly.

Even if Gen Abacha has the political will which his predecessors have lacked, he faces an uphill task. With Nigeria's army politicised, its politics commercialised and its civil service incompetent and corrupt, Nigeria may not have the capacity to implement its blueprint for recovery. At best a tortuous and protracted process of recovery could get under way.

Roderick Oram looks at Unilever's attempt to rebuild its image after the recent soap wars

Fall-out from a flop

A high-profile flop is the nightmare of every consumer goods company. If customers shun your hotly promoted new product and competitors deride it, how do you rebuild esteem and market share?

Unilever is starting to find out. Having lost a damaging nine-month battle against Procter & Gamble to establish a high-technology detergent in Europe, Unilever is applying the lessons it learnt to a new flagship product and marketing strategy.

Unilever's original problem remains: it lost leadership of the £9bn a year European detergent market to P&G more than a decade ago. The US group was developing products faster and was more effective at pan-European marketing than the Anglo-Dutch group.

The first attempt to crack the problem was the launch last spring of Omo Power in Europe (Persil Power in the UK), using a manganese catalyst, the "Accelerator". P&G discovered the catalyst damaged some dark colours on thin cotton fabrics and exploited the flaw to great effect with, for example, pictures of tattered boxer shorts.

The fall-out was widespread. Consumers lost confidence in the product and to a small extent in the brand; they became confused about which product they should use on which clothes; and Power's qualities – even P&G admitted it was the best in the market on some stains – were lost in the bad publicity.

The second attempt is the launch of a new flagship product in Europe under various names such as New Generation Persil and Omo Total. "We have to get back on to the front foot in the market," says a Unilever executive.

Unilever produced New Generation quickly because it was essentially a variation of Power developed in parallel during the early 1990s. It drew on much of Power's new technology, which covered virtually all the components of Power, but omitted the controversial catalyst. It had been tested by consumers alongside Power more than a year ago.

Further enhancements were made to New Generation, notably to broaden the range of stains tackled. Testing was intensified, with garments washed up to 60 times compared with 15-25 times on earlier detergents.

Unilever says consumers will ultimately bear the cost of this extra vigilance and new product development could be slowed.

Unilever also had six independent test institutes evaluate the new product. Results will be publicised, but the institutes all demanded anonymity after some such organisations had been discredited during last year's soap war for apparently being used by Unilever and P&G to support their cases.

Unilever says that its biggest challenge lies ahead: turning around public perceptions

The ability to use the new detergent on a wide range of fabrics is essential to dispel consumer confusion and rebuild confidence in the brand, Unilever says.

Overwhelmed by the proliferation of products on supermarket shelves, often derivatives of the same detergent brands, consumers are unsure which to use.

Moreover, a significant body of consumers are "sloppy washers", Unilever says, who do not bother to sort out whites, coloureds and fine fabrics to use different products on each. Typically, northern Europeans are more precise than southern, but the prize for "professional washers" goes to the Dutch.

After some consumers had used Power too indiscriminately and exacerbated its flaw, Unilever is paying more attention to sloppy washers this time.

The breadth of New Generation will help them, as will packaging and promotion more tightly geared to national markets.

Yet, the new product is not meant for fine fabrics such as wool and silks. Unilever is launching yet another detergent for them, Persil Finesse. In reality, detergent makers are no nearer the consumer ideal of one-product-does-all. Brand segmentation – varieties of Persil are rising from 11 to 13 products – is still seen by manufacturers as a useful way to build market share.

On the communications front, Unilever is developing a Europe-wide advertising campaign for New Generation which will hark back to old themes such as Persil being the trusty, caring helper in the kitchen.

When it announced the new product last week, it also took care to handle the press better than it did during the soap war.

Although officials of Lever Brothers, its UK detergent subsidiary, made the running, corporate press officers were on hand for broader questions.

But for all their speed in bringing a new, hopefully, fault-free product to market on a sea of soothing advertising, Unilever officials acknowledge that their biggest challenge lies ahead: turning around public perceptions.

Market share figures and consumer polling will plot their progress in agonising detail in the months ahead.

OBSERVER

Spoilt for choice

■ Jacques Santer has a tricky task once he takes over as president of the European Commission next Monday; he must settle a backroom struggle over the two available vice-presidential posts.

Though largely ceremonial, the jobs carry prestige and a slightly higher salary than the £139,555 (gross) a year which run-of-the mill commissioners receive. Insiders identify four contenders: Edith Cresson, former French socialist prime minister; Manuel Marin, the Spanish socialist who has served as a commissioner since 1985; Martin Bangemann, the German commissioner who handles information technology; and Sir Leon Brittan, the senior UK commissioner and chief EU trade negotiator.

Cresson has mounted a charm offensive, stressing the need for a vice-presidency to go to a woman now that there are five inside the 20-member Commission. But as a Brussels newcomer, she faces competition from Marin, the single longest-serving commissioner. However, Marin's habit of invoking the support of prime minister Felipe Gonzalez no longer carries quite so much weight, now that the Spanish leader is slumping in the polls.

The Bangemann-Brittan match looks tight, too. Bangemann scored an early goal by turning up half-an-hour early in the parliament session on Tuesday, bagging the seat next to Santer; Marin snatched the other.

But Brittan is discreetly canvassing support for his candidacy, arguing that he is a hard-working political heavyweight who lost out in the share-out of portfolios last autumn when he had to give up eastern Europe to Hans van den Broek, the Dutch commissioner.

Santer will presumably go for a left-right ticket; but must still decide whether to have a secret vote or put up his own favoured candidates. Tough choice.

Ganging up

■ Members of the universally feared brotherhood of Japan's largest crime syndicate, the Yamaguchi-gumi, whose HQ is in Nada ward, Kobe, right at the heart of the earthquake, were yesterday seen doling out free food, water and babies' nappies. Gangsters said they would continue providing water – drawn from Yamaguchi-gumi's own well – until normal supplies were available.

Gangsters with hearts of gold. How sweet. Or fiendishly clever?

Carlos' comforter

■ Former Mexican president Carlos Salinas, his campaign for leadership of the World Trade Organisation flagging, nevertheless received a boost yesterday when he joined the board of the mighty Dow Jones which, among many things, publishes the Wall Street Journal.

In praising the former president's "wisdom, judgment and global experience", Dow Jones may have overlooked the fact that back home Salinas is under investigation by the attorney general. The political opposition accuses him of having knowingly led Mexico into financial crisis by refusing to devalue the peso gradually, because he didn't want to tarnish his record and spoil his WTO chances. The investigation is likely to peter out.

Given what happened to Mexico three weeks after Salinas quit, US investors in Dow Jones could be forgiven for feeling a mite nervous if he ever relinquishes his new directorship.

Le Carried away

■ With remarkable prescience, the new novel by British spy-thriller writer John le Carré – *Our Game* – is set in Chechnya. Its main plot features a bloody Russian invasion of the breakaway republic. Le Carré finished the manuscript in the summer of 1994, having spent some time in Chechnya.

But if you want to discover just how remarkable are le Carré's prophetic powers, you will have to wait until May 4, when the novel will be published by Hodder and Stoughton, part of the Hodder Headline group.

Given that Russian troops yesterday reportedly raised their flag over the presidential palace in Grozny, Chechnya's capital, might Hodder might now be rushing the book out? "No. We're locked into a very carefully orchestrated publicity campaign," said le Carré's editor yesterday. A campaign including much expensively-bought media attention; rather cheaper to bring it out when the war is actually going on, surely?

Sporting gesture

■ In the hunt for fame and glory, personal differences can be set aside. But it must have taken an Olympic effort for Brazilian soccer star – and minister for sport – Pele to kiss and make up with FIFA president João Havelange yesterday.

Both want to see Rio de Janeiro host the Olympic games by the year 2008. The chance of that happening with the country's two foremost sporting personalities at each other's throats, as they have been since well before last summer's football world cup, was minimal.

So on briefing president Fernando Cardoso on their Olympic plans they also warmly embraced for photographers. All they have to do now is settle a slander case involving Pele and Havelange's son-in-law Ricardo Teixeira. Let's hope the photographers are on hand for *that* one.

The Financial Times

50 years ago

Reserve ratios may be cut
The US Federal Reserve Board is preparing legislation calling for a reduction in the amount of gold required to be held against Federal Reserve notes outstanding and in the amount of gold or other collateral required to be held against Federal Reserve deposits.

Deposits in Federal Reserve banks have risen to $16,000 million (£4,000 million) which requires reserves of $3,600 millions (£1,400 million) at the legal rate of 35 per cent. The country's gold stock at present totals $18,683 millions (£4,671 millions).

India is to begin making her own motor-cars. In the early stages these cars will consist almost exclusively of British parts assembled in India by Indian labour under the guidance of British technicians. The project has been made possible by the co-operation of the Nuffield organisation, of Cowley, Oxford.

Before the war India imported 12,000 motor-cars a year.

The first Indian car will be called the "Hindustan Ten".

The Financial Times was not published on Sunday, January 20 1895.

FINANCIAL TIMES
Friday January 20 1995

China baulks at west's demands in trade talks

By Tony Walker in Beijing

China yesterday threw into doubt international negotiations on its entry to the new World Trade Organisation after criticising the west for "exorbitant" demands.

The veiled warning came despite earlier indications from Chinese negotiators that they would be willing to continue talks next month on admission to the successor to the General Agreement on Tariffs and Trade.

China and Gatt members failed to bridge differences last year over issues such as access to the Chinese market. Beijing had originally set a deadline of the end of last year for membership of the WTO, which came into being on January 1.

"At a time when the major developed contracting parties haven't modified their exorbitant demands, it is of no meaning to convene the meeting of the working group on China's re-entry to Gatt," the Chinese foreign ministry said.

Beijing said it would be unwilling to make further concessions in the new year, but its Gatt negotiators had said they would continue talks in the hope of achieving a consensus.

The Chinese government has criticised the US over the failure of the talks, and vowed to resist demands for further concessions. But the US's tough stand on Beijing's entry is strongly supported by other WTO members.

China, which is demanding special treatment as a developing country, is being asked to provide specific undertakings to open its markets, including lower tariffs and simpler trading rules. It is also under pressure to end counterfeiting of items such as compact and laser discs, and computer software.

US and Chinese officials yesterday continued difficult talks in Beijing over protection of intellectual property in China. The talks are aimed at reaching agreement before a February 4 deadline set by Washington - after which it has threatened punitive sanctions.

Earlier this week, China announced that it was lowering tariffs on 246 items. The official China Daily said the move was part of "an attempt to liberalise China's trade and smooth the way to join the WTO".

The foreign ministry said yesterday the tariff reductions were not connected to China's WTO application, but rather were "based on the needs of domestic economic restructuring".

China, which applied to rejoin Gatt in 1986, was keen to be a founder-member of the WTO. Beijing withdrew from Gatt in 1950 after the communist takeover the year before.

Ford to begin vehicle assembly in Poland

By Kevin Done in London

Ford, the US carmaker, is to begin vehicle assembly in Poland in its first car production venture in eastern Europe.

The group said yesterday it planned to invest $54m in the plant, which would have an initial capacity of 30,000 cars and commercial vehicles a year.

Ford, the world's second largest vehicle maker, has been comparatively slow to establish automotive manufacturing operations in eastern Europe, where the lead has been taken by Fiat of Italy, Volkswagen of Germany, General Motors of the US and Suzuki of Japan.

Mr Albert Caspers, chairman of Ford of Europe, said the group believed Poland had "great economic potential".

The Ford plant will be at Plonsk, about 60km north-west of Warsaw, and will utilise a facility originally developed by Ford in 1993-94 to produce seat covers for its western European car plants. That venture was abandoned last year when Ford transferred the operations to outside suppliers.

Ford has components operations in Hungary and the Czech Republic.

The Polish plant has been developed on a greenfield site and Ford will have full control. It will produce Escort small family cars and Transit medium-duty panel vans.

Production of cars, which are expected to account for around two-thirds of output from the plant, is planned to begin in September. Van production is expected to start at the end of October.

Initially Ford is planning to carry out only final assembly at the Plonsk plant, but it will examine a more ambitious second stage of investment for CKD (completely knocked down) assembly, which would require the development of body welding and paint facilities, once production approaches 30,000 a year.

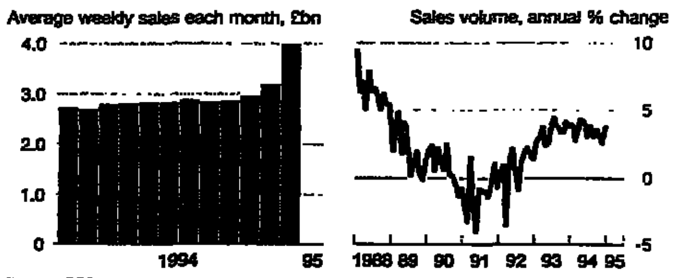
The assembly plant will create around 250 jobs directly. Ford said it also planned to double the size of its 62-strong Polish dealer network by the end of the year.

The Polish car market, which increased by 4.6 per cent last year to 250,021, is dominated by Fiat. Foreign investment in Poland totalled $4.3bn from 1990 to 1994, with Fiat accounting for $260m.

December rush pushes UK shop sales to record levels

By Robert Chote and Alison Smith in London

UK retail sales



Source: CSO

A last-minute pre-Christmas rush pushed the value of sales in UK shops to a record £4bn a week last month.

Retailers appear to have boosted trade despite edging their prices higher, which suggests that consumers may be becoming less bargain conscious. Economists took this as a bad omen for inflation and said it made another interest rate rise in February more likely.

The volume of retail sales rose by nearly a quarter between November and December, the Central Statistical Office said yesterday. The CSO said this was equivalent to a 0.5 per cent rise after adjusting for the normal surge at that time of year. This was a little higher than economists' predictions.

The value of sales during each week of December averaged £4.01bn, up from £3.77bn a week in December 1993.

The figure did not appear to have been affected by the new National Lottery, which absorbed £272.8m during the month, suggesting that people were paying for lottery tickets by cutting savings, rather than the amount they spend.

Shop prices were 1.6 per cent higher in December than a year earlier, the highest annual rate of increase since February. But the increase remains lower than the 2.9 per cent rise in the retail prices index in the same period.

Mr Adam Cole, economist at James Capel, the stockbroker, said the figures showed a relatively strong underlying trend in consumer spending "against a background of sustained price increases". But other economists said it was not yet clear that consumers were becoming less price sensitive.

December's rise in sales does not alter the fact that growth in high street spending has been slowing steadily for more than a year, in response to higher taxes and interest rates.

The deceleration may be continuing. The British Retail Consortium, the shops and stores trade association, said sales had declined after a hectic pre-Christmas week and the new year had started poorly.

● The Halifax Building Society and the Cheltenham and Gloucester Building Society, two leading UK mortgage lenders undergoing restructuring, yesterday sought to steal a march over their rivals in the home mortgage market.

As other major lenders announced rate rises, the Cheltenham & Gloucester Building Society, the sixth largest, pledged to keep its rates unchanged unless there was another general rise in bank base rates. Halifax Building Society, Britain's biggest, lifted its rates by just 0.25 percentage points to 8.35 per cent – compared with higher increases from competitors.

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London stocks, Page 32

THE LEX COLUMN

French property problems

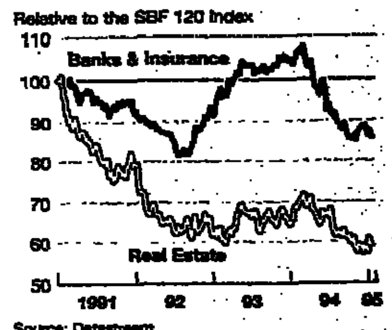
French groups are finding it hard to clean up their property portfolios. Each time they make provisions after claiming to have revealed the full extent of their non-performing loans, new problems become apparent. This week both Compagnie Générale des Eaux and Générale des Assurances Nationales have disclosed greater-than-expected real estate losses. Insurance and banking stocks fell on fears that other companies would emulate GAN's and Générale des Eaux's examples.

The question is whether their troubles are due to a further deterioration of the commercial property sector; whether these groups underestimated the extent of non-performing loans; or whether they simply failed to make adequate provisions. Fortunately, although the property market is not recovering, it does not appear to have suffered a relapse. Such a deterioration would have been a nasty surprise, affecting the entire financial sector. As for non-performing loans and provisions, the insurance companies may be more vulnerable than their banking counterparts. Insurers believe they can hold more assets below market value without making provisions than banks because they can match them against long-term liabilities. The argument contains some logic, but they must beware of underrating the risks.

Over the past year, the insurance and banking sectors have under-performed a poor French market by nearly 20 per cent. Investors may be relieved if no further provisions are revealed, but it will take time to rebuild confidence.

FT-SE Eurotrack 200: 1379.7 (-5.2)

French financial and real estate sectors



Source: Datastream

BTR

The [illegible]p fall in BTR's share price yesterday is a grudging reaction to the radical turnaround in the structure of BTR's board. After all, the City has long been complaining about BTR's in-bred board and its need for greater communication skills. BTR is hiring an outsider with strategic and financial expertise. In addition, the company has addressed concerns over the lack of checks and balances in a board without outside non-executive directors. BTR will take on outside non-executives for the first time since the 1960s, along with an outside chairman.

Given BTR's maze of 400 operating units, it is a difficult company for investors to follow. The management claims its record should be enough to inspire confidence in future performance. But confidence was dealt a blow by September's interim results, when BTR revealed the extent to which rising raw material prices were eating into margins. The share price fall was out of proportion to the cut in analysts' profit forecasts. Mr Ian Strachan could improve investor relations without breaching insider trading regulations – BTR has cited these in the past to explain poor communications.

Last year BTR shares fell 21 per cent, compared with a 14 per cent decline at Hanson and 8 per cent at Tomkins. Cyclical recovery should enable BTR to push through price increases in its industrial products, providing some margin enhancement this year. Measures to address investors' concerns over management, combined with evidence of margin improvement, should help reverse that downward trend.

US railroads

Union Pacific's railroad operations reported record results yesterday with earnings up 13 per cent. The impressive progress was driven largely by the buoyancy of the US economy: for example, coal traffic was up 13 per cent and automotive shipments 11 per cent. Other railroad groups are likely to post similarly strong figures in the coming days.

Yet the railroad sector has underperformed the market by 12 per cent in the past year, despite the effect of the takeover battle between Union Pacific and Burlington Northern for Sante Fe, whose shares have more than doubled since the beginning of 1993. Admittedly, there is little, if any, bid premium elsewhere in the sector. At present, the appetite among the other railroad companies to emulate the bidding war seems limited, not least because another link-up could be considerably delayed by the regulatory authority, the Interstate Commerce Commission. An offer would also involve a substantial proportion of share swaps rather than cash, meaning any benefits for shareholders would be less than immediate.

Nevertheless, even if the US economy slows, the railroads' top line is likely to continue to be helped by both robust industrial production and an increase in market share from road transport. Earnings should also be buoyed by improved margins from cost-cutting. US cyclical stocks may be out of fashion, but the railroads may yet surprise with one last push.

UK life assurance

The sharp fall in domestic new business experienced by life companies in 1994 has little chance of being reversed this year. Poor figures from Legal & General and the Prudential suggest that the industry suffered a decline of more than 10 per cent last year. The chances are that the market will be down by a further 10 per cent this year too. The impact of the pensions mis-selling debacle may be subsiding but the new commission disclosure regime for life, pensions and investment policies is only now beginning to bite.

The new regime will intensify competition. Companies will be obliged to respond by attacking costs. Even those successful in introducing new products will face a squeeze on margins. Adjusting to the new environment is leading to higher costs for training and restructuring. Companies will be forced to offer better value to policy-holders than in the past, which means customers will benefit at the expense of shareholders. New products should offset some of the fall-off in demand but margins on this business may be low.

In the medium term, the industry is facing a big shake-up. Quoted life assurance companies such as the Pru may benefit from the demise of weaker rivals. However, the risk for this year and next is that poor new business will make it difficult for insurers to increase their dividends in line with the market. If this proves so, the sector's current 40 per cent yield premium to the market will need to rise further.

Additional Lex Comment, Page 24

Tokyo government admits a delay in quake rescue

Continued from page 1

early hope for resumption of water for industrial use, said the ministry of international trade and industry.

In the meantime, more than 200 tanker trucks were ferrying water to shelters in public buildings. Despite the survivors' frustration, there were no reports of looting – indeed, a local *yakuza* (gangster) syndicate distributed food and water.

Long but orderly queues built up outside the few supermarkets with food. Most of the homeless spent the night in schools and municipal offices. City authorities plan to erect 2,000 temporary homes, but construction will take at least a month because of a shortage of equipment and materials, said Mr Yasuo Tanaka, the city official leading the rescue and clean-up. Hyogo prefectural government, the local authority, estimated yesterday that one in four of Kobe's houses was uninhabitable, on top of the 21,000 destroyed or badly damaged.

That may be an overestimate, given the inevitable roughness of early assessments, but it does suggest the number of homeless will stay high.

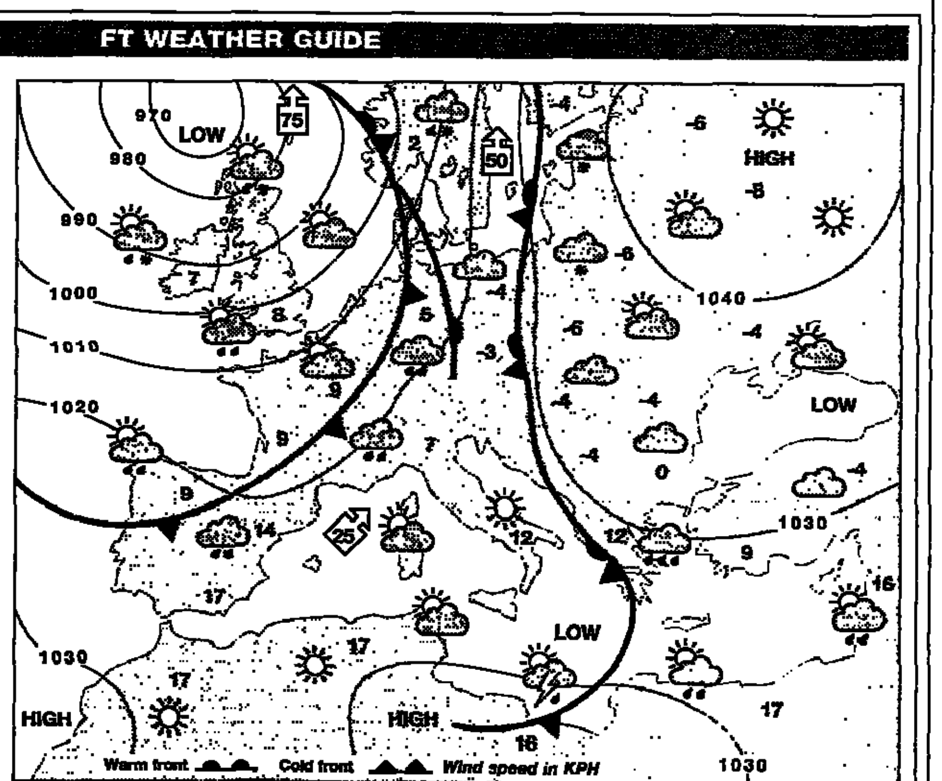
FT WEATHER GUIDE

Europe today

Western Europe will be unsettled. Wintry showers are expected over the British Isles and Brittany with cool gusty winds from the northern Atlantic. There will be rain from southern Scandinavia to Spain and the western Alps will have a lot of snow. Snow is also expected over high ground in Spain as far south as the Sierra Nevada. Eastern Europe will be settled under the infuence of persistent high pressure over northern Russia and will be mainly dry with bright spells and temperatures well below freezing. Low pressure over the eastern Mediterranean will bring showers to Greece and southern Turkey.

Five-day forecast

Active low pressure systems will continue to move over the British Isles towards central Europe bringing rain and showers from Ireland to Poland with above normal temperatures. Rain is also expected in France and northern Spain but southern Spain will be dry. The central and eastern Mediterranean will be dry and rather sunny, except for a band of showers at the weekend.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	28
Accra	fair	32
Algiers	cloudy	17
Amsterdam	cloudy	8
Athens	rain	11
Atlanta	fair	8
B. Aires	fair	30
B.ham	cloudy	7
Bangkok	fair	33
Barcelona	cloudy	14
Beijing	sun	2
Belfast	shower	5
Belgrade	cloudy	-1
Berlin	cloudy	1
Bermuda	shower	23
Bogota	fair	19
Bombay	sun	32
Brussels	cloudy	10
Budapest	snow	-3
C.hagen	rain	3
Cairo	fair	17
Cape Town	fair	27
Caracas	fair	30
Cardiff	shower	8
Casablanca	shower	18
Chicago	snow	-1
Cologne	rain	8
Dakar	fair	26
Dallas	sun	16
Delhi	sun	19
Dubai	sun	25
Dublin	hail	7
Dubrovnik	shower	11
Edinburgh	cloudy	6
Faro	fair	16
Frankfurt	rain	4
Geneva	rain	6
Gibraltar	shower	16
Glasgow	hail	6
Hamburg	rain	4
Helsinki	sun	-2
Hong Kong	cloudy	21
Honolulu	cloudy	27
Istanbul	cloudy	8
Jakarta	thund	30
Jersey	shower	9
Karachi	sun	28
Kuwait	sun	18
L. Angeles	fair	17
Las Palmas	fair	20
Lima	cloudy	27
Lisbon	fair	15
London	cloudy	8
Lux.bourg	rain	6
Lyon	rain	8
Madeira	shower	19
Madrid	rain	9
Majorca	fair	15
Malta	sun	16
Manchester	shower	7
Manila	cloudy	30
Melbourne	rain	22
Mexico City	fair	21
Miami	fair	23
Milan	fair	5
Montreal	snow	1
Moscow	fair	-4
Munich	fair	-1
Nairobi	fair	27
Naples	sun	13
Nassau	fair	25
New York	rain	8
Nice	shower	12
Nicosia	shower	15
Oslo	sleet	1
Paris	shower	9
Perth	sun	36
Prague	fair	-2
Rangoon	sun	35
Reykjavik	cloudy	2
Rio	shower	29
Rome	sun	13
S. Frsco	shower	11
Seoul	sun	4
Singapore	shower	31
Stockholm	fair	2
Strasbourg	rain	5
Sydney	rain	23
Tangier	shower	17
Tel Aviv	fair	17
Tokyo	fair	9
Toronto	snow	1
Vancouver	rain	6
Venice	fair	7
Vienna	cloudy	-2
Warsaw	fair	-6
Washington	rain	11
Wellington	fair	22
Winnipeg	fair	-13
Zurich	cloudy	1

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

British Land wins control of Stanhope

Mr John Ritblat was in characteristically ebullient mood yesterday after British Land, the company he has run for 25 years, finally secured control of Stanhope, thereby winning some of the most desirable properties in the City of London. Page 24

General Electric rises 10% in full year
Full-year earnings at General Electric, the US conglomerate, rose by 10 per cent to $4.7bn despite losses of $1.2bn on its Kidder, Peabody stockbroking subsidiary. Page 22

Brazil issuers catch Mexican wave
Mexico's crisis is expected to hit Brazilian banks and companies which have eurobonds maturing in the coming months. Issuers are likely to face difficulties rolling over this debt and many bonds will have to be redeemed, say bankers. Page 22

Dasa and Rockwell in joint venture
Daimler-Benz Aerospace, the aviation division of Germany's biggest company, is forming a joint venture with Rockwell International, the US defence and aerospace group, to develop satellite-based flight guidance systems and other avionics products. Page 20

ABB to spend $1bn on Indian operations
Asea Brown Boveri, the electrical engineering multinational, will invest $1bn in its Indian operations over the next seven or eight years. Page 23

Costain sells US coal business
Shares in Costain, the troubled UK construction and engineering group, fell by more than 10 per cent to 18p yesterday after the group announced the sale of its most profitable US coal mining business. Page 24

BTR makes welcome choice for top job
BTR confirmed it is to appoint an outsider as chief executive for the first time. The move was widely welcomed by analysts and investors who said it addressed many of their recent concerns. Page 24

Transplant drug a success for Sandoz
A new transplant drug from Sandoz, the Swiss pharmaceuticals and chemicals company, is said to be replacing its predecessors. Page 20

Telecoms upheaval affects FT500 rankings
Sweeping changes in the world's communications industries are reflected in this year's FT500, an annual survey of Europe's 500 biggest companies, ranked by market capitalisation, which is published by the FT today.

The two highest ranked newcomers are telecommunications groups: Telecom Italia, formed from the merger of five state-controlled companies, and KPN, the privatised Dutch business. Nokia, the fast-growing Finnish mobile phone manufacturer, has one of the largest increases in rank.

Royal Dutch/Shell, the Anglo-Dutch energy group, remains Europe's biggest business but Swiss pharmaceuticals manufacturer Roche Holding, ranked third last year, moves up to number two, swapping places with British Telecom. See separate section.

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Altana	635	+	14
Henkel	541	+	6
Linde	934	+	12
Schering	1070.5	+	13.5
Falls			
Kali & Salz	183	–	6
Zanders Feinpap	224	–	5
NEW YORK ($)			
Rises			
Dover	58¼	+	1⅛
Pfizer	79¾	+	2
Falls			
Bankers Tst	57⅛	–	1½
Gen Motors	40	–	1⅝
Goodyear	37¼	–	1¼
Morgan (JP)	58½	–	1¼
LONDON (Pence)			
Rises			
Barbour Index	167	+	12
Perpetual	1345	+	37
Unigate	359	+	9
Falls			
BICC	312	–	22
Flogas	240	–	40
Rellex	14	–	6
TORONTO (C$)			
Rises			
Canbra Foods	11½	+	1
Hemosol	6⅝	+	⅝
Plaintree	15¼	+	⅞
Falls			
Fairfax Fin	67	–	2
Newbridge	54¾	–	1¼

Varity	50⅜	–	1⅛
PARIS (FFr)			
Falls			
Bancaire Cie	495	–	21
Cr Foncier	720	–	32
Docks de France	845	–	10
Havas	369	–	10.9
Promodes	936	–	15
Simco	407	–	12.9
TOKYO (Yen)			
Falls			
Daisue Const	498	–	13
Hankyu	532	–	25
Kamigumi	873	–	57
Okamura	860	–	10
Osaka Gas	349	–	32
Toshiba	650	–	15
HONG KONG (HK$)			
Falls			
Cheung Kong	28.7	–	1.2
China Light	31.6	–	0.5
HSBC	76.75	–	1.7
Hutch Whmp	26.9	–	1.3
SHK Prop	40.4	–	1.1
Swire Pacific	41.8	–	2.1
BANGKOK (Baht)			
Rises			
Interlife Ins	90	+	8
Loxley Pub	404	+	10
Shinawatra	506	+	18
Utd Comm	332	+	14
Falls			
Obana Siam	310	–	12
Int Cosmetics	388	–	44

New York & Toronto prices at 12.30.

Bankers Trust slumps

Bank faces non-payment of $423m derivative contracts

By Richard Waters in New York

Bankers Trust, the US bank which has become embroiled in a bitter legal battle with Procter & Gamble about derivatives, has singled out $423m worth of derivatives contracts on which its customers may not meet payments.

The move signals the biggest potential credit losses yet faced by a bank in the markets for derivatives, financial instruments whose value is based in part on some underlying market or instrument.

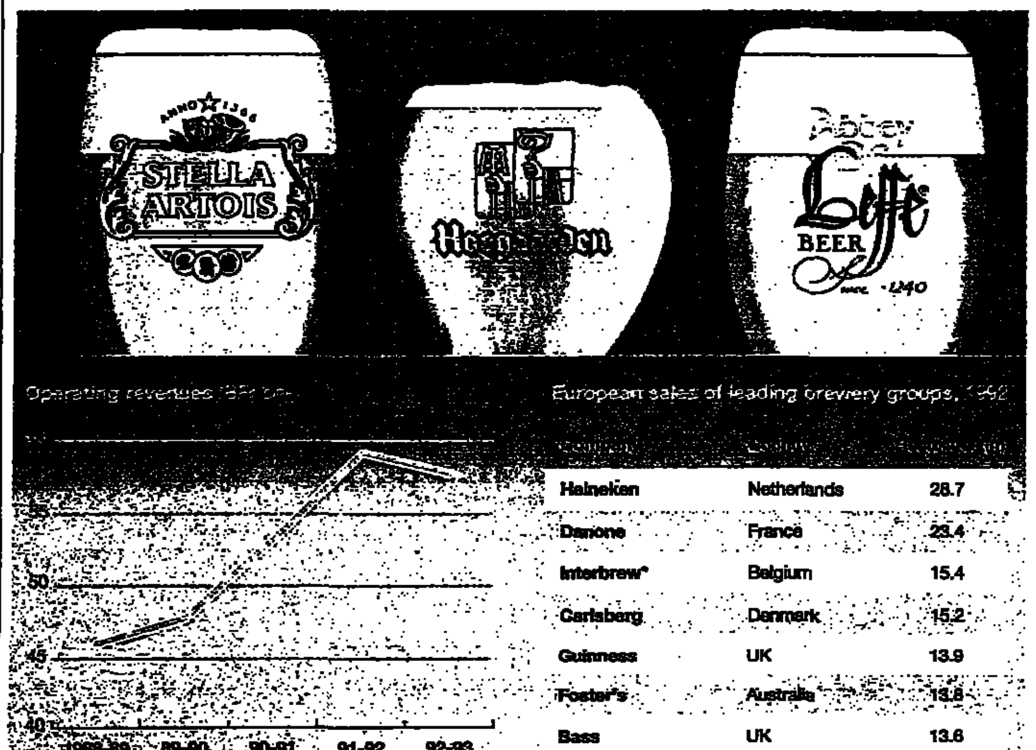
The potential losses emerged yesterday as the New York-based bank reported a slump in earnings last year on the back of a $1.3bn fall in its overall income from trading in financial markets, to $925m. In the final three months alone, overall trading income tumbled by $537m from a year before, to just $99m.

Bankers Trust said it had reclassified the derivatives, whose market value at the end of last year was $423m, as "cash-basis" loans – meaning that it does not expect its customers to pay some or all of the money due. The bank remains confident it will recover a large part of its cash basis loans. It said it had already written off $72m due under the contracts. The costs of cancelling disputed contracts with two US companies, Gibson Greetings and Federal Paper, are believed to have reached around $33m. Of the remaining $350m, around half is due under derivatives contracts with P&G, while the rest is believed to reflect other contracts in dispute.

All of the potential losses arise from so-called leveraged derivatives, instruments under which losses or gains are multiplied. Bankers Trust admitted to problems in its leveraged derivatives business late last year, prompting stern regulatory action from the Federal Reserve.

After-tax profits of $615m, or $7.17 a share, were down from nearly $1.1bn, or $11.51 a share, before the effects of an accounting change. In the final quarter, earnings fell to $101m, or $1.19 a share, from $279m, or $3.26 a share, in 1993. The bank blamed trading in bond markets, particularly in emerging countries.

Roderick Oram explains why Belgium's Interbrew is counting on premium lagers and cherry beers



Stella Artois and Jupiler see stars rise in the east

Interbrew of Belgium, born of a difficult merger seven years ago of the Stella Artois and Jupiler breweries, is developing into one of the few European brewers with a coherent global strategy.

Its imminent purchase of Allied Domecq's Dutch breweries and entry into a fourth eastern European country exemplify its two-pronged strategy: to consolidate the fragmented and stagnant western European industry; and be at the forefront of eager investors in emerging markets in eastern Europe and Asia.

Others, like Heineken and Guinness, market a few big volume brands but Interbrew draws on Belgium's rich brewing heritage to offer a portfolio of some 20 distinctive beers. They range from premium lagers, led by Stella, to speciality products such as wheat and cherry beers. With people drinking less but spending more on each drink, the watchword is value not volume.

"The days of going for volume are over," says Mr Hans Meerloo, Interbrew's chief executive. But getting other countries to try Belgian speciality beers "takes a very, very long time and to some extent cannibalises other beers".

Interbrew is pushing Stella and the speciality beers in both emerging markets and western Europe. It is the largest brewer in Belgium, will be second in the Netherlands after the Allied purchase, third in France and eighth in Italy. In the UK, Stella Artois, brewed under licence and distributed by Whitbread, is the leading premium lager with about 30 per cent of the market.

No European brewer has as much as 10 per cent of the EU market while five brewers, including Interbrew, vie for third place in the market with roughly 4.5 per cent each. But with consolidation, the top 10's share could rise from 50 per cent in 1990 to more than 70 per cent by 2000, according to Canadean, the UK-based international drinks consultant.

Growth abroad, particularly through consolidation, is the only option for Interbrew, given its 60 per cent share of the Belgian market. It was created by the 1987 merger of two family owned brewers, Artois which dated back to 1366 and Piedboeuf, brewer of Jupiler lager, established in 1853. The merged company subsequently bought two specialty Belgian brewers, Hoegaarden and Belle-Vue.

Interbrew's early days were difficult, exacerbated by the Flemish and Wallonian origins of the precursor companies. The families relinquished management bringing a succession of chief executives from outside the industry. Mr Meerloo, a Dutchman, is the third since 1988 and took over two years ago. He had joined Interbrew in 1990 after a career spanning the J Walter Thompson advertising agency, a US car parts maker and senior jobs with Philips, the consumer durable goods group.

He says his background has given him "a different management style and skills which help remove some of the emotions". Total quality management and a mission statement are but two techniques he has brought with him.

"We've had some turbulent times to get here. It was a difficult job to put together different breweries and cultures and develop them into a company culture."

> With people drinking less but spending more on each drink, the watchword is value not volume

It has become a very international company. "I change languages every 10 minutes between Flemish, French and English," says Mr Meerloo. "French is the language of the top management and board but a presentation to, say, the top 100 managers, is always in English."

Breweries too have been revamped at a cost of $800m during the past three years. The main brewery in Leuven, for example, produces 4m hectolitres of beer a year with only eight workers per shift in the brewhouse. Some of the cost was met by the sale of Interbrew's Belgian Coca-Cola franchise.

Net profits were flat for five years at about BFr2bn (£40.3m), dipped to BFr1.5bn in the year ended September 1992 at the height of the recession and investment, and recovered to BFr2bn in 1993. Further progress came in the year ended last September.

Investment banks occasionally try to persuade debt-free Interbrew to float but there is neither a financial need nor family desire to take it public, Mr Meerloo says.

Management stays in close touch with board members from the three owners – the de Spoelberch, Van Damme and de Mevius families. All big decisions require unanimous board approval, reducing the risk of dissenting factions. Dividends are rising and Mr Meerloo says: "I don't think there's much share trading. They say that they're happy."

To keep them that way, Mr Meerloo can play to Interbrew's strengths as it expands abroad. There remain, however, some potential weaknesses:

- Its beers are sold in some 45 countries, mostly under licence, but conflicts are creeping into some of those relationships. In the UK, for example, Whitbread produces Stella and a competitor, Heineken Export, while other brewers handle Interbrew's other beers.
- Interbrew has its own production in fewer than 10 countries and most of those are either small shares of big markets, for example, Italy, or big shares of relatively small markets, for example, Belgium.
- Penetrating a new market is easier with a big global brand such as Heineken, Carlsberg or Guinness. Stella carries less punch and building specialist brands is a long-term proposition.
- In the crowded race for new markets, its is jockeying for position against larger companies with broader international experience – again Heineken and Guinness.
- Cautious family ownership means Interbrew keeps the lid on bids. This saved it from over-paying for Cruzcampo in Spain, a prize which went to Guinness. But it has so far kept it out of the Czech market where consumption is, along with Germany, the highest in Europe at some 140 litres per person a year.

But given Interbrew's strengths, Mr Meerloo is confident the group can grow. Expansion will carry one small additional cost: when he had 10 poles installed outside the Leuven headquarters to fly flags of countries where the group brewed, some were spare. Now, it is almost time to widen the circle.

St-Gobain profits rise with firmer markets

By John Ridding in Paris

Saint-Gobain, the French glass and building materials group, almost trebled net profits last year, to FFr3.62bn ($680m) from FFr1.31bn in 1993.

Mr Jean-Louis Beffa, chairman, said the improvement reflected stronger sales in its principal markets, restructuring and productivity measures, and exceptional gains from asset sales. Excluding exceptionals, net profits were FFr2.7bn.

Industry analysts said the result was at the top end of forecasts and reflected a rebound from 1993, when profits fell by 45 per cent. They forecast further growth in profits this year as price increases in flat glass and fibre products feed through.

Mr Beffa expressed optimism about 1995 and said the group's strategy and structure have been clarified. This process involved the sale of Cellulose du Pin, the paper and packaging division, to Jefferson Smurfit of Ireland. The deal, concluded in August 1994, brought the group FFr5.6bn and a capital gain of FFr960m.

Receipts from disposals and a capital increase last spring have strengthened the group's balance sheet and reduced debt. Net debts at the end of last year stood FFr2.45bn, compared with FFr15.06bn at the end of 1993.

According to Mr Beffa the reduction in debt would allow the company to be "very dynamic in acquisitions and new investments". He said that the group would remain focussed on its core activities but would seek to expand in product development and in markets in eastern Europe, Asia and Latin America.

In its existing markets, Saint-Gobain is achieving healthy growth. Sales last year rose by four per cent to FFr74.43bn, despite the sale of Cellulose du Pin and other non-core activities. Increased volumes were recorded in most markets, particularly in the US. Strong increases were achieved in glass, fibres and reinforcements.

Profits were lifted by a reduction in restructuring charges. These fell from FFr2.18bn in 1993 to FFr1.29bn. The company said that its workforce of 92,000 at the end of 1993 had been reduced by about 4 per cent, Mr Beffa described the structure of the group as stable.

The Saint-Gobain chairman indicated the group would increase significantly its industrial investments, forecasting a rise of almost 40 per cent to about FFr5.5bn this year.

Dutch retailer to make stock market debut

By Ronald van de Krol in Amsterdam

Vendex International, the diversified retail group and one of the biggest and best-known family-owned companies in the Netherlands, is to be floated in Amsterdam later this year.

The shares to be sold will be put forward by some of the 700 descendants of the group's two founders, who launched Vendex's single biggest business, the department store chain Vroom & Dreesmann, 107 years ago.

Analysts have estimated Vendex to be worth well over Fl 3bn ($1.8bn). The company declined to comment on its stock market value but Mr Willy Angenent, a management board member, said yesterday, "It will be one of the biggest bourse flotations in the history of the Netherlands."

Mr Jan Michiel Hessels, the first non-family management board chairman in the company's history, said it was not yet clear how much of the group would be sold or when in 1995 the flotation would take place. The size would depend both on demand from outside investors and the willingness of shareholders to sell.

Meetings with family shareholders would start taking place in February. Those who agree to put forward their shares will be restricted through "lock-up contracts" from selling any further shares immediately after the flotation, for which ABN Amro and Morgan Stanley International will be global co-ordinators.

Vendex, whose annual turnover of more than Fl 10bn makes it the ninth largest in the Netherlands, had originally hoped to float in the mid 1980s. But a crisis caused by overly swift expansion and by losses at the flagship department stores resulted in delay. Since then, Vendex has concentrated on turning around Vroom & Dreesmann and on selling assets such as its mail order companies and its stake in Dillards, the US stores group.

Mr Hessels said figures for 1994-95, due to be released in mid-April, would show that Vroom & Dreesmann had a profitable year, its second in succession.

Bristol-Myers sets aside extra $750m

By Richard Waters in New York

Bristol-Myers Squibb yesterday set aside an additional $750m to cover the cost of compensating women around the world who claim they have have suffered illness as a result of breast implants made by the US healthcare group.

It warned that the final cost may be higher still, though the picture will not become clear until late this year.

The latest provision takes to $2.25bn the total Bristol-Myers Squibb now expects to pay out over silicone implants. Some $1bn of this is covered by insurance, the company has said.

The extra costs result from the large number of women who have opted out of a $4.2bn industry-wide settlement reached last year. Some 3,000 women in the US, and 300 elsewhere, have chosen to pursue separate claims against Bristol-Myers.

The provision, which was anticipated by the stockmarket, led to an after-tax charge of $488m for the fourth quarter of last year. As a result, Bristol-Myers reported after-tax profits of $98.6m for the period, or 19 cents a share, down from $255m, or 50 cents a share, in the same three months of 1993. It took a $500m pre-tax charge over breast implants in the 1993 quarter.

For the year, net income was just over $1.8bn, or $3.62 a share, compared with nearly $2bn, or $3.80 a share, the year before. Sales for the year rose 5 per cent, to nearly $12bn.

Leaving aside the one-off charges in both years, net income in 1994 would have been $2.33bn, or $4.58 a share, up from $2.27bn, or $4.40 a share.

Dow Corning, the joint venture between Dow Chemical and Corning that has the highest exposure to breast implant claims, said yesterday it was too early to judge whether it would have to raise its own provisions. The company is liable for $2bn of the $4.2bn global settlement, as well as individual claims outside the settlement. It set aside $640m in late 1993 to meet expected costs not covered by insurance.

Dasa and Rockwell Int'l form avionics joint venture

By Michael Lindemann in Bonn

Daimler-Benz Aerospace, the aviation division of Germany's biggest company, is forming a joint venture with Rockwell International, the US defence and aerospace group, to develop satellite-based flight guidance systems and other avionics products.

Initially, the two companies, each with a 50 per cent stake in the venture, will develop and market satellite-based navigation and landing systems for aircraft and airports. Any future co-operation in the manufacture of these systems "depends on the way business develops".

Dasa has recently branched out into avionics and had turnover of only DM6.6m ($4.3bn) on these activities last year.

The new company will be based in the southern German town of Ulm.

Dasa said it would invest DM160m over the next five years in the joint venture and hoped to achieve annual turnover of more than DM200m. It will combine its satellite technology and ground stations with avionics products made by Collins Commercial Avionics, the Rockwell subsidiary.

Collins would bring a range of products and a worldwide marketing operation with 12 sales offices, Dasa said.

Rockwell and Dasa would develop satellite-based flight guidance systems, which would compete with two other types of systems, because the technology was more efficient and better suited to bad weather, Dasa said.

Mr John Girotto, chief executive of Collins, said the new company would improve co-operation between the two in the avionics market of the former Soviet Union.

Rockwell and Dasa co-operate on aviation projects and Mercedes Benz, the car division of Daimler-Benz, also works with the US company.

Motoren-und Turbinen-Union and Pratt & Whitney, the German and US engine manufacturers, have appointed two chief executives to head their joint engine development programme which plans a new engine in March.

Mr Tom Davenport, will head the programme for Pratt & Whitney, which holds a 51 per cent stake in the joint venture. His deputy will be Mr Rainer Schwab from MTU.

Sandoz replaces transplant drug

By Daniel Green in London

A new transplant drug from Sandoz, the Swiss pharmaceuticals and chemicals company, is replacing its predecessor in "between 70 and 100 per cent of cases in markets where it has been launched", said Mr Raymund Breu, chief financial officer, yesterday.

Neoral, the successor to Sandoz' best-selling product Sandimmun, is important to the future of Sandoz' drugs division because it has high profit margins and its patent protection runs until 2010. Sandimmun's patents are beginning to expire.

However, the strong performance of Neoral was offset by poorer performances from older drugs. In the US, non-prescription drugs came under "appreciable" competitive pressures in 1994, Sandoz said.

Ms Virginia Pascoe, European pharmaceuticals analyst at UBS, said several older products were being hurt by government cost control measures.

Pharmaceutical division sales in 1994 were SFr7.2bn ($5.5bn), down 2 per cent in Swiss francs, but up 4 per cent in local currencies, from the 1993 figure, according to figures published yesterday. Total sales rose to SFr15.87bn from SFr15.1bn, up 5 per cent in Swiss francs and 11 per cent in local currency terms. Much of the growth came from the acquisition of Gerber, the US foods company Sandoz bought for $3.7bn in May.

Gerber was consolidated into the group accounts in August 1994. Without Gerber's contribution, sales growth would have been three percentage points lower than the published figures, said Mr Breu.

Axa and National Mutual in talks

By Andrew Jack in Paris

Axa, one of France's largest insurance groups, confirmed yesterday it was in discussions about investing in National Mutual, Australia's second largest life insurer.

The group said it was talking to National Mutual about its "demutualisation and capital raising" plans. But it stressed the Australian insurer was considering proposals from other insurers and was unlikely to make any decision for at least several weeks.

National Mutual said last month it wanted to raise at least A$500m (US$385m) through either a public offering or the sale of a tranche of equity to a strategic investor. The troubled insurer saw pre-tax earnings fall to A$584m on turnover of A$2.7bn for the year to September 1994, down from earnings of A$1.71bn in the previous 12 months.

The acquisition of part of National Mutual accords with Axa's international expansion plans in which the group has placed particular emphasis in the longer term on investment in Asia.

Separately, Axa confirmed its subsidiary in Japan would begin operations on April 1 this year. Axa Japan, which will sell life insurance, was given initial authorisation by Tokyo last June.

Axa has pledged to invest $200m over the next five to seven years, and aims to open 12 branches over the next year. It plans to generate FFr1bn ($189m) in premiums in the first five years and FFr4bn in the first 10 years.

Karstadt sales up as result of acquisition

By Andrew Fisher in Frankfurt

Karstadt, Germany's biggest retail group pushing for more liberal shopping hours, yesterday announced lower turnover for its main stores in 1994. However, the total rose following an acquisition.

Including the Hertie store concern, bought last year, group turnover was 28 per cent higher at DM26.9bn ($19.3bn). This included travel agencies, which benefited from increased holiday spending, and mail order, where business was down.

Sales of the main Karstadt store operation were 6 per cent lower at DM12.5bn. This reflected the poorer consumer climate in the wake of recession. Consumer spending is expected to stay flat following tax increases being imposed this year to help finance reunification.

At Hertie, turnover fell 4 per cent to DM6.3bn. Sales at the Neckerman mail order subsidiary dropped 6 per cent to DM3.3bn.

The group has already warned 1994 profits will be lower. In 1993, earnings rose 1 per cent to DM227m on turnover of DM21bn. Official figures for 1984 retail spending showed a 2 per cent fall after allowing for price rises.

Mr Walter Deuss, Karstadt's chairman, has argued for longer shop opening hours. This was a response to poorer sales and an attempt to increase turnover in urban areas which have benefited from late Thursday shopping. Retail associations met Mr Günter Rexrodt, economics minister, on Tuesday to discuss shopping hours. Trade unions oppose relaxation.

In contrast to the weak consumer spending trend, more money is being spent on holidays. The Karstadt travel agencies lifted turnover 9 per cent to DM891m, while NUR Touristic was up by 14.5 per cent to DM3.1bn. The Bundesbank said net spending on foreign travel by Germans, the world's biggest foreign travel spenders after the Japanese, totalled about DM50bn last year.

KOP expects 1994 deficit to widen

By Christopher Brown-Humes in Stockholm

Kansallis-Osake-Pankki, one of Finland's leading banks, yesterday warned that its 1994 losses would be deeper than expected because weak stock and property markets had forced it to delay asset disposals.

The bank, which has now made losses for four consecutive years, is bringing forward an announcement of its preliminary results to next Wednesday in response to market concerns about its performance and a sharp drop in share price.

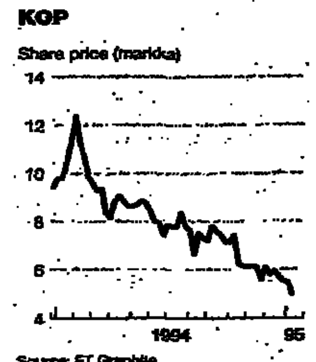
Analysts expect the group to announce a loss of FM1.6bn to FM1.7bn ($339m-$360m) for 1994, compared with the FM1.3bn deficit forecast last October when it announced plans to raise FM2bn from a share issue and a further FM1bn through capital gains from disposals.

The bank's shares dropped to FM4.46 yesterday, well below half the FM10.60 level prevailing three months ago before the issue was announced.

It made a FM1.3bn loss in the first eight months but predicted capital gains would offset estimated operating losses of FM400m to FM500m in the final part of the year.

However, operating losses have exceeded expectations and the bank has only been able to realise about FM300m in capital gains.

Its disposal plans have been frustrated by a depressed Helsinki property market and because weak stock market conditions have prevented it from selling shares in two fellow Finnish companies, Repola, the forest products and engineering group and Sampo, the insurer.



Source: FT Graphite

The market's broader concern is with the slow recovery of the Finnish banking sector from a severe crisis in 1992 that required hefty state intervention.

In spite of the gradual recovery of the economy, Finnish banks have continued to sustain heavy credit losses, particularly because of problems among small and medium-sized companies and the construction sector.

Rumours that the position of *Mr Pertti Voutilainen, KOP's* chief executive, is under threat have been dismissed by Mr Tauno Matomäki, chairman of KOP's supervisory board.

Kymmene increases mill output

By Christopher Brown-Humes

Kymmene, the Finnish pulp and paper group, yesterday announced European investments worth FM2.8bn ($593m) to increase output of pulp and fine paper.

The Finnish company; Europe's biggest fine paper producer, is doubling its coated fine paper capacity to 700,000 tonnes by building a second coating facility at its Nordland Papier mill in Germany.

It is increasing capacity at its Kaukas pulp mill in Finland by 50 per cent to 600,000 tonnes a year by rebuilding the softwood fibre line.

Kymmene insisted the investments would not disrupt efforts to strengthen its balance sheet, even though it scrapped plans to raise more than FM1.5bn through a global share issue last month.

It pointed to the strong recovery in the pulp and paper cycle which is set to bring the company a FM1bn profit in 1994, after losses of FM256m in 1993.

The group justified the expansion at Nordland Papier by pointing to rapid growth in demand for coated fine paper, which is typically used for glossy magazines and advertising brochures. The FM1bn project is due to be completed in June 1996.

The expansion at Kaukas will cost FM1.8bn over the next three years. The extra pulp will be consumed by Kymmene's paper mills, lowering its requirement to buy market pulp.

Kymmene dismissed fears that the additional capacity would only aggravate the next downturn in the pulp and paper cycle.

It stressed that capital investment as a percentage of turnover would only reach 10 per cent in 1995-97, compared with more than 25 per cent in 1988-90.

Lisbon agrees sale of 24.5% stake in BPA

By Peter Wise in Lisbon

Portugal yesterday approved the sale of the state's 24.5 per cent holding in Banco Português do Atlântico to the highest bidder, easing the way for a Es300.3bn ($1.9bn) bid led by Banco Comercial Português.

The government said it would sell the holding for a minimum of Es2,730 a share and only to a purchaser making a bid for 100 per cent of BPA, Portugal's second largest bank. BCP's offer meets both these conditions.

This means the conglomerate Sonae, leader of BPA's core shareholders, would have to make a counterbid for 100 per cent of BPA to prevent BCP gaining control.

Sonae, which has said a counterbid was not part of its strategy, would have to bid at least 5 per cent more than the offer of Es2,730 made by BCP and Império, an insurance company, and approved by the government last week.

Sonae has said the government was committed to selling the state's holding in BPA to the core group under the privatisation terms for BPA.

If BPA's core group got control of the state holding, they could block BCP's bid, which is conditional on acceptances from a minimum of 50.001 per cent of BPA shareholders.

Unibail controls Halles complex

By Andrew Jack

Unibail, the French property group, has taken majority control of Forum des Halles, the commercial complex in the centre of Paris with an additional investment of FFr720m ($136.17m).

Unibail bought 32.5 per cent of the shares from Nippon Life, the insurance group.

The acquisition involved a total purchase of 53.2 per cent of the shares, raising Unibail's stake to 70 per cent, including the 20.71 per cent previously held by Crédit Lyonnais, the state-controlled banking group.

Property losses hit Générale des Eaux

By John Ridding in Paris

Shares in Générale des Eaux fell sharply yesterday following Wednesday's announcement by the French utilities and communications group that its property subsidiary, Compagnie Immobilière Phénix, suffered bigger than expected losses last year.

The group's shares closed down FFr11.2 at FFr480.8, having been as low as FFr469.1.

The fall also reflected concerns about the French property sector following this week's news of property-related losses at GAN, the state-owned insurer. GAN said it would need a fresh capital injection from the government as a result of losses of between FFr2.5bn ($472m) and FFr3bn last year.

Phénix suffered losses of at least FFr1.6bn last year, against a 1993 net deficit of FFr158m, prompting Générale des Eaux to say it would inject capital into its subsidiary and buy out minority shareholders. Analysts estimate Phénix would need at least FFr3bn.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 20.01.95: Pool purchase price £/MWh	Final Prices for Trading on 23.12.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	27.13	29.78	31.67
0100	27.13	29.78	31.67
0130	29.87	29.87	31.75
0200	29.87	29.87	31.75
0230	27.13	29.78	31.67
0300	27.13	29.78	31.67
0330	27.13	29.78	31.67
0400	27.13	29.78	31.67
0430	27.13	29.78	31.67
0500	10.31	29.78	31.67
0530	10.91	24.07	25.95
0600	10.08	24.07	25.95
0630	10.08	24.07	25.95
0700	35.55	33.93	35.82
0730	35.71	34.98	36.87
0800	40.19	36.11	37.99
0830	64.91	39.17	41.06
0900	43.90	51.49	53.38
0930	68.21	51.49	53.38
1000	69.00	51.49	53.38
1030	68.33	51.49	53.37
1100	44.60	39.17	41.06
1130	42.25	39.17	41.05
1200	42.32	39.17	41.05
1230	66.45	37.35	39.23
1300	64.95	37.35	39.23
1330	62.87	10.15	10.15
1400	36.53	10.08	10.08
1430	27.15	10.07	10.07
1500	26.94	10.08	10.08
1530	26.93	10.10	10.10
1600	13.63	37.35	39.23
1630	50.39	36.13	38.03
1700	159.33	37.49	39.43
1730	247.09	51.65	53.60
1800	241.97	51.64	53.58
1830	146.56	51.53	53.43
1900	86.47	39.44	41.33
1930	69.02	39.43	41.32
2000	45.73	36.11	37.99
2030	26.22	33.93	35.82
2100	25.53	33.93	35.82
2130	25.76	33.93	35.82
2200	10.97	33.93	35.82
2230	10.06	33.93	35.82
2300	9.97	33.14	35.03
2330	9.80	9.12	9.12
2400	9.70	9.09	9.09

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.867/MWh becomes 1.6867p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the …

CONTRACTS & TENDERS

Advisors to Europe's Financial Institutions.

November 1993

Groupe Azur

has acquired a strategic stake in

Garantie Mutuelle des Fonctionnaires

The undersigned acted as financial advisor to Garantie Mutuelle des Fonctionnaires and assisted in negotiations.

August 1994

Fondo de Garantía de Depósitos en Establecimientos Bancarios

has sold a controlling interest in

Banco Español de Crédito, S.A.

to

Banco Santander, S.A.

The undersigned acted as financial advisor to Fondo de Garantía and assisted in negotiations.

June 1994

Anteilsverwaltung-Zentralsparkasse

the majority shareholder of

Bank Austria AG

has successfully tendered to increase its shareholding in

GiroCredit Bank AG
der österreichischen Sparkassen

from 30% to 56%

The undersigned acted as financial advisor to Anteilsverwaltung-Zentralsparkasse and assisted in the structuring of the tender.

November 1994

Insurance Partners L.P.

and

Harvard Private Capital Management Inc.

have provided £88,000,000 of capital to Lloyd's Syndicate 2488 in addition to acquiring a 25% stake in

Charman Group Ltd.

The undersigned acted as financial advisor to Charman Group Ltd and assisted in negotiations.

January 1995

Cedel s.a.

has become

Cedel Bank s.a.

with effect from January 1, 1995

The undersigned acted as financial advisor to Cedel.

October 1993

Bank Austria AG

and

Wiener Städtische
Allgemeine Versicherung AG

have entered into a cross-shareholding agreement in order to jointly develop their Allfinanz activities in Austria

The undersigned acted as financial advisor to Bank Austria and assisted in negotiations.

February 1994

Bank Austria AG

has sold

Mercurbank AG

to

General Electric Capital Corporation

The undersigned acted as financial advisor to Bank Austria and assisted in negotiations.

November 1994

Polygon Insurance Company Limited

has increased its capitalisation to £50,000,000

The undersigned acted as financial advisor to Polygon Insurance Company Limited

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February 1994

£400,000,000

Lloyds Bank Plc

Subordinated Debt due 2004

The undersigned acted as joint lead manager.

February 1994

£500,000,000

Barclays Bank PLC

Senior Debt due 2004

The undersigned acted as joint lead manager

May 1994

DM 2,000,000,000

L-Bank Finance NV

Senior Debt due 1999

The undersigned acted as joint lead manager.

May 1994

£150,000,000

Abbey National Sterling Capital plc

Subordinated Debt due 2004

The undersigned acted as joint lead manager

January 1994

£125,000,000

Rothschilds Continuation Finance (C.I.) Limited

Subordinated Perpetual Debt

The undersigned acted as joint lead manager.

October 1994

5,043,519

American Depositary Shares

Espirito Santo Financial Holding S.A.

The undersigned acted as co-lead manager

October 1994

15,448,764

Series A shares

Stadshypotek AB

The undersigned acted as co-lead manager.

April 1994

3,000,000

Ordinary Bearer Shares

Dresdner Bank Aktiengesellschaft

The undersigned acted as co-manager

Salomon Brothers

The above announcements appear as a matter of record only.

General Electric rises 10% despite loss at Kidder

By Tony Jackson in New York

Full-year earnings at General Electric, the US conglomerate, rose by 10 per cent to $4.7bn in spite of losses of $1.2bn on its Kidder Peabody stockbroking subsidiary.

Earnings from continuing operations at GE, which is the biggest US company by market value, were up 41 per cent at $5.9bn.

Mr John Welch, chairman, said that while the year had been "at times overshadowed" by events at Kidder Peabody, which was broken up by GE following a case of apparent fraudulent trading, the company had achieved record earnings, margins, cash flow and inventory turns.

"We enter 1995 positioned better than ever to deliver a year of record results," he said.

GE Capital, the company's financial services division, produced ongoing earnings of $2.1bn, an increase of 33 per cent.

GE said the unit had enjoyed double-digit growth in retailer financing, auto financial services, employers' reinsurance and commercial real estate.

Operating margins for the group rose to a record 13.6 per cent, up from 12.5 per cent the year before.

Seven of the group's 11 divisions had double-digit increases in operating profit, though profits were lower in aircraft engines.

Cash flow was a record $6.3bn, compared with $5.2bn. The group's debt-to-capital ratio fell to 11.9 per cent, while return on equity rose 2.6 percentage points to 22.7 per cent.

In the fourth quarter, earnings from continuing operations were up 18 per cent at $1.69bn.

Sales were up 5 per cent at $17.8bn.

After losses of $917m on discontinued operations, earnings were down 48 per cent at $768m, while quarterly earnings per share were down by the same amount at $0.45.

As previously announced, the dividend has been raised by 14 per cent.

GE's shares fell $1 to $51¼ in early trading.

Computer Associates exceeds forecasts

By Louise Kehoe in San Francisco

Computer Associates defied analysts' predictions for its third fiscal quarter with much higher than expected growth in sales of software for mid-range computers used in computer networks.

Revenues for the quarter ended December 31 were $721m, an increase of 26 per cent over $574m in the same period a year ago. Net income grew 40 per cent to $174m, or $1.04 a share, from $124m, or 72 cents.

Analysts had been projecting earnings of about 90 cents a share.

The company said that the record third-quarter revenue growth reflects its migration to software for networked client server computer systems.

"We have seen our midrange revenues increase from 9 per cent of total revenues a year ago to 22 per cent in our most recent quarter, an increase of over 220 per cent," said Mr Charles Wang, chairman and chief executive.

Demand for mainframe computer software, CA's traditional market, "has not abated," said Mr Wang. Mainframe software revenues were up 12 per cent over last year's third quarter.

For the year to date, revenue was $1.8bn, an increase of 20 per cent over the $1.5bn for the corresponding period a year ago.

Net income, after a special first-quarter charge of $249m for write-offs associated with CA's acquisition of the ASK Group, was $219m, or $1.30 a share, down from $242.5m, or $1.41.

CA's shares were trading at $54⅜ in mid-session yesterday, up from Wednesday's close of $53⅛.

Mexican wave set to hit Brazil's borrowers

Bankers say that many eurobonds will have to be redeemed, reports Patrick McCurry

Mexico's financial crisis is expected to hit Brazilian banks and companies which have eurobonds maturing in the coming months. Issuers are likely to face difficulties rolling over this debt and many bonds will have to be redeemed, say bankers.

"Issuing anything from Latin America at the moment would be virtually impossible," says one London trader.

While most of the bonds maturing in the next six months are small issues from banks, industrial companies like the government-controlled oil group Petrobrás also face maturities.

Mr Daniel de Oliveira, head of Petrobrás' medium-term debt department, says the company will not attempt to roll over a $110m eurobond maturing in March. With net profits expected to be up sharply, he says the company will have no problem redeeming the bond.

Petrobrás hopes to compensate for the redemption by later issuing eurobonds exchangeable for shares in its subsidiary distributor, BR Distribuidora. Petrobrás sought finance ministry approval for the exchangeable bond issue last year, but has not yet received permission.

Mr de Oliveira believes that an exchangeable bond issue would be more attractive for overseas investors, as well as reducing the costs involved in eurobond issues, which have increased for Brazilian companies following last year's tax increase on money raised from issues, as well as the rise in international interest rates.

The Petrobrás issue would be for $250m to $300m and involve about 23 per cent of the capital of BR Distribuidora, floated on the Brazilian stock market in December 1993. Petrobras would keep control of the company, although its shareholding would fall to 51 per cent if all bonds were converted.

About $1.6bn of Brazilian bonds are maturing in the first half of this year. They are mainly two-and-a-half or three-year bonds, issued after Brazil returned to the euromarkets in 1991. However, redemptions are not expected to cause significant problems. Brazil's financial and industrial sector has seen sharp increases in profits since last July's launch of the Real currency, which reduced inflation and increased consumer demand.

Brazil's international reserves of about $40bn mean companies are unlikely to have problems buying dollars to remit to investors when they redeem the bonds.

"The issuers have enough reserves to repay and there's no cash flow problem, although obviously most would prefer to roll over the bonds," says Mr Edvaldo Morata, a vice-president at Dutch-owned ING Bank in São Paulo.

For many smaller companies, however, the reduced access to the euromarkets will indirectly raise working capital costs. This is because much of the eurobond capital raised by Brazilian bank issues was converted into local currency and lent to local companies. These companies, which bear the exchange rate risk of the loan, paid lower rates and achieved longer terms than were available in the domestic market, where long-term credit has been held back by Brazil's history of economic instability.

Companies unable to secure funding via local banks' eurobond issues face paying Brazil's extremely high interest rates of more than 30 per cent for working capital loans.

However, the impact will be cushioned at banks that are sitting on capital raised on the euromarkets last year, when Brazilian financial institutions raised $3.07bn of Brazil's $4.04bn in eurobond issues, according to ING Bank.

Mr Felipe Xavier, emerging markets director at Banco BBA Creditanstalt SA, a São Paulo bank, says: "We raised $50m through a eurobond issue last November and that, combined with another issue the year before, will allow us to maintain our loan supply despite having to redeem a $50m bond in March."

Although there is still a high degree of uncertainty, many bankers believe that in a few months Brazilian issuers could return to the euromarket, although spreads will probably rise and investors will examine each issue more carefully.

"There will be a reduction in the number of companies accepted by investors and probably an increase in the disclosure levels required by investors," says a São Paulo-based foreign banker.

Many analysts also believe Brazilian issues will be compared favourably with Mexican and Argentine bonds because of Brazil's high foreign exchange reserves, small current account deficit and the strength of many Brazilian companies.

Mr John Hartzell, an emerging markets vice-president at Salomon Brothers in New York, says: "A lot of the Brazilian issuers are very strong. Companies like the pulp producers Aracruz and Klabin, for example, have an international presence and are big participants in their markets."

Kimberly-Clark up as sales soar

By Maggie Urry in New York

Record sales at Kimberly-Clark, the Kleenex tissues and Huggies nappies maker, were offset by lower prices and rising costs, leaving fourth-quarter earnings per share barely ahead before a translation loss on the Mexican peso.

Fourth-quarter sales were 8.9 per cent higher at $1.92bn as volumes rose across most of the group's activities. But profits were held back by the increasing cost of pulp and continuing losses from Europe, where Kimberly-Clark launched its Huggies nappies in 1994. Earnings per share were 90 cents, compared with 88 cents in the last quarter of 1993, before the 24 cents per share exchange loss, announced last week. Net income in the period was $105.6m compared with $141.6m.

For the year net income was up 4.7 per cent to $535.1m, with earnings per share at $3.33, against $3.18.

Mr Wayne Sanders, chairman and chief executive, warned of a challenging start to 1995 with price competition in the US and the continuing weakness of the peso affecting profits. Price rises of 6 to 8 per cent for tissue products in the US would take effect towards the end of the first quarter.

Operating profits from the consumer division, on which Kimberly-Clark aims to focus its efforts, fell 8.7 per cent to $167.9m in the fourth quarter although sales were 7.9 per cent up at $1.53bn. The speciality paper division increased operating profits in the same period by 27.4 per cent to $49.3m. Kimberly-Clark said in October it was delaying the sale of its pulp and newsprint activities.

Microsoft posts another record quarter

By Louise Kehoe

Microsoft, the world's leading computer software company, reported another record performance for its second fiscal quarter, with strong sales in all product categories and regions.

Sales in Europe "increased dramatically over the prior quarter", the company said.

Revenues for the quarter increased 31 per cent to $1.48bn from $1.1bn in the same period last year.

Net income of $373m represented a 29 per cent jump from $289m in the second quarter of 1994. Earnings per share rose to 60 cents from 48 cents. The results were slightly above Wall Street expectations.

"This has been another record quarter for the company," said Mr Mike Brown, chief financial officer. He cited strong sales of *Microsoft Office*, a set of business PC applications programs, as well as back-office programs including *Windows NT* for networked departmental computer systems.

During 1994, *Windows NT* "reached critical mass", said Mr Bill Gates, chairman. The majority of large US companies are evaluating or deploying systems running *Windows NT*, he said. Global sales of Microsoft's *Windows* operating system continued to be strong.

Revenues from applications programs represented 60 per cent of total sales, down from 63 per cent in last year's second quarter. Systems software such as Microsoft *Windows* and Dos made up 35 per cent of revenues, up from 33 per cent, reflecting strong sales of PCs. The balance of revenues was from hardware products, including computer mice and the new ergonomically designed "natural keyboard".

Microsoft's move into home computer applications programs gained momentum with robust holiday sales. Microsoft has 70 home computer titles and is expected to double that number this year.

For the first half of fiscal 1995, Microsoft reported revenues of $2.7bn, up 29 per cent over the same period last year. Net income for the six months was $689m, or $1.10 a share, a 23 per cent increase over $528m, or 87 cents.

A court hearing is scheduled this Friday to decide whether to approve Microsoft's anti-trust settlement with the US Justice Department. If approved, it will end a 4½-year investigation of Microsoft's business practices.

Exports help Caterpillar to shrug off strike

By Laurie Morse in Chicago

Caterpillar, the Illinois-based engine and heavy equipment maker, reported record fourth-quarter and year-end profits in spite of a continuing strike by the United Autoworkers union. The company said that production efficiencies and record exports helped boost returns.

The two sides are set to meet today to discuss a resolution to the six-month old strike. However, Mr James Owen, Caterpillar chief financial officer, said that a resolution of the strike and the return of some 9,000 skilled workers "would not substantially affect" the company's 1995 outlook.

For the fourth quarter Caterpillar had earnings of $279m, or $1.38 a share, more than double previous fourth-quarter profits of $119m, or 58 cents. Sales rose to $3.9bn in the quarter, up 24 per cent from $3.2m in 1993.

For the full year Caterpillar had net income of $955m, or $4.70 a share, up from $652m, or $3.21, in 1993. Sales for the year rose 23 per cent to $14.3bn, from $11.6bn in 1993.

Exports jumped to $6.9bn during the year, from $5.53bn in 1993, supported by increased demand from nearly every geographic sector except the Middle East and China. Domestic sales increased at a slower pace, to $7bn, from last year's $5.7bn.

In spite of the record results, Caterpillar shares dipped $2⅛ to $56⅛ on Wall Street in early trading, where analysts said rising fourth-quarter domestic dealer inventories reflected slowing US demand.

They also said rising world interest rates and the Mexican peso crisis could slow the company's export sales expansion this year.

Caterpillar forecast that accelerating economic growth in Europe, Japan, Africa, the Middle East and Canada would more than offset moderation in the US and peso-related slowing in Latin America.

SBC Comms earnings surge to $1.65bn

By Tony Jackson

SBC Communications, the Texas-based Baby Bell telephone company, produced its best-ever increase in annual earnings, despite being hit by the financial crisis in Mexico.

In the fourth quarter SBC took an after-tax charge of $34m to reflect its share of book losses on foreign debt at Telefónos de Mexico (Telmex), Mexico's national telephone company.

SBC owns about 10 per cent of Telmex through a controlling consortium with Grupo Caso and France Telecom.

For the full year, SBC's net earnings were up 15 per cent at $1.65bn, on sales up 9 per cent at $11.6bn. Earnings in the final quarter were up 10 per cent at $425m on sales up 11 per cent at $3.2bn.

In the course of the year, the company added 930,000 mobile phone customers, bringing its total to 3m. Its traditional phone business, Southwestern Bell, added 467,000 access lines in the year, for a total of 13.6m.

Mr Edward Whitacre, chairman, said the company remained confident about the long-term potential of Telmex. "Telmex has a strong financial position, a sound business strategy and an excellent management team, and its operating fundamentals continue to be very good," he said.

In the course of last year, SBC also acquired a 10 per cent interest in SFR, France's second-biggest cellular phone company, and joined a partnership to build a second cellular network in South Korea.

● Pacific Telesis, the Californian Baby Bell, suffered a marginal fall in fourth-quarter earnings, from $265m to $262m, chiefly as a result of increased local competition. The company spun off its cellular and international businesses into a new company, AirTouch, last April.

Reynolds Metals back in black in final term

By Laurie Morse

Reynolds Metals, the US integrated aluminium producer, reported fourth-quarter operating income of $53m, or 86 cents a share, up from an operating loss of $19m, or 31 cents, for the same 1993 quarter. Sales in the quarter rose to $1.6bn, compared with the previous year's $1.3bn.

For the full year, operating results improved to $65m, or $1.06 a share, turning around the previous year's operating loss of $94m, or $1.58. Full-year revenues jumped to $5.9bn, from 1993's $5.3bn.

Much of the operating improvement was the result of a recovery in aluminium prices this year, following a co-operative agreement between the world's largest aluminium companies to trim worldwide production. However, aluminium shipments rose during the year, to 1.57m metric tons, compared with 1.49m in 1993.

"I view 1994 as a turnround year for both the aluminium industry and our company," Mr Richard Holder, chairman, said. "Industry fundamentals are continuing to improve and demand is up. I believe we are entering a period of strong recovery for the aluminium industry that could very well sustain itself through the end of this decade."

During 1994 the company sold Reynolds Australia Metals, and a tract of timberland in the Pacific Northwest.

The two asset sales, which resulted in after-tax gains of $41m, or 66 cents a share, and $16m, or 26 cents, respectively, brought Reynolds' net income for the year to $122m, or $1.42 a share.

Inland Steel completes turnround

By Richard Waters in New York

Inland Steel, the integrated US steelmaker, completed its return to profitability last year after four years of losses which totalled nearly $1.2bn.

The rebound came on the back of higher demand from US carmakers, appliance manufacturers and others, which drove sales up 16 per cent to $4.5bn. Revenues came almost equally from steelmaking and the group's independent steel distribution company.

The turnround was driven by a recovery in the steelmaking unit, where operating profits were $149m, compared with a $28m loss in 1993. Sales rose 14 per cent on the back of higher prices and a 7 per cent increase in the amount of steel shipped, to nearly 5.2m tons.

Operating profits in the distribution company, meanwhile, climbed from $56m to $98m.

Inland Steel as a whole made after-tax profits of $107m in 1994, or $1.81 a share, compared with a loss of $38m, or $1.96, in 1993. For the final three months of the year, the company reported after-tax profits of $35.9m, or 66 cents a share, compared with a loss of $20.7m, or 79 cents, a year earlier.

Strong demand helps PPG Industries climb

By Richard Tomkins in New York

Strong demand in most markets helped PPG Industries, the US glass and chemicals group, report record net income of $151m in its fourth quarter. The figure was nearly three times the $53.9m reported a year earlier, although that figure included an after-tax charge of $44.2m relating to the group's exit from medical electronics.

Sales rose from $1.4bn to $1.7bn and earnings per share rose from 25 cents to 72 cents. For the full year, revenues rose from $5.8bn to $6.3bn, net income rose from $295m to $514.6m excluding the effect of accounting changes, and earnings per share rose from $1.39 to $2.43 on the same basis.

Mr Jerry Dempsey, chairman and chief executive, said the group had seen an increase in operating profits of 64 per cent in the fourth quarter, reflecting continued strong volume growth and higher prices for the company's products in the US and Europe. There had also been productivity improvements across all three business segments.

Coatings and resins raised operating earnings from $104m to $121m through improved volumes for automotive original equipment, auto refinish and industrial and architectural products.

Glass operating profits rose from $42m to $72m, reflecting productivity improvements, strong volume growth and higher prices for flat and fibre glass.

Allianz hopes to gain time for sale of unit

By Andrew Fisher in Frankfurt

Allianz, the German insurance concern, intends to gain more time to negotiate the sale of the recently acquired Vereinte/Magdeburger insurance group by parking it with a bank or trustee for up to two years.

Thus it will avoid having to register the purchase with European or German competition authorities.

Allianz, which bought Vereinte/Magdeburger as part of a package from Swiss Re last year, said it had had strong expressions of interest from potential buyers in Germany and abroad.

Allianz's main objective in the Swiss Re deal, worth about DM6.4bn ($4.2bn), was to obtain Elvia to increase its presence in the Swiss insurance market.

The purchase also included Lloyd Adriatico of Italy.

Since Allianz owns a majority of Germany's largest health insurer, Deutsche Krankenversicherung, Vereinte, accounting for almost DM4bn of the purchase price, is superfluous to its requirements.

The addition of Vereinte, half of whose DM7bn premium income comes from Germany's second largest private health insurer, Vereinigte Kranken, would give it about 30 per cent of the market, above the level anti-trust authorities regard as acceptable.

Allianz did not say where it would park Vereinte or whether it would be placed temporarily with a German or foreign bank or trustee.

NEWS DIGEST

Savings banks to pay DM2.5bn for Bavarian insurer

Germany's seventh largest insurance group will be created by the DM2.49bn ($1.6bn) acquisition of the publicly-owned Bayerische Versicherungskammer (Bavarian insurance chamber) by southern German savings banks, writes Andrew Fisher in Frankfurt.

The savings banks association of the south German state of Bavaria, grouping 104 banks, agreed the deal with the Bavarian state government yesterday. The first payment of DM1.5bn will be due at the end of this year.

The savings banks will combine the acquisition with their existing insurance company, Bayern-Versicherung, to form a concern with premium income of DM5bn, investments of more than DM20bn and 5,000 employees. Munich, where the insurance activities are based, is already the headquarters of Allianz, Europe's largest insurance company, and Munich Re, the world's largest insurance group.

The assets acquired include Bayerische Beamtenkrankenkasse (civil servants' health insurance) and other non-life insurance interests such as fire and vehicle cover.

The savings banks association said the agreed deal was a compromise between widely differing valuations. Goldman Sachs, the US investment bank advising the Bavarian government, had valued the assets at more than DM2.8bn; the savings banks initially valued them at less than DM1.8bn.

Czech telecoms appoints ministry official as chief

SPT Telecom, the Czech Republic's national telephone company, has moved to end uncertainty over its search for a strategic partner by appointing a senior economy ministry official as its general director, writes Vincent Boland in Prague.

The appointee is Mr Svatoslav Novak, deputy economy minister in charge of telecommunications, who is strongly in favour of foreign investment in the company.

The move ends speculation that a management crisis and delays in setting new price structures for telephone charges could sap official enthusiasm for an international tender for a 27 per cent stake in the company.

Mr Novak is a central figure in the tender process, which is being administered by the economy ministry and investment bank J.P. Morgan. He is understood to have won the confidence of the 10 international telecommunications groups vying for the stake, which is expected to cost up to $1bn.

He takes over as general director (chief executive) from Mr Jiri Makovec, who was removed from the post this week after being deposed as chairman in late December amid allegations of irregularities in awarding contracts. Mr Jiri Nemec, a director of SPT, becomes chairman.

Mr Novak is expected to resign from the ministry if, as expected, his appointment is confirmed by SPT's supervisory board.

Strong fourth term for Northwest Airlines

Northwest Airlines, the fourth-biggest carrier in the US, yesterday reported its best fourth quarter yet with net income after preferred stock payments of $20.4m, compared with a net loss of $1.9m last time, writes Richard Tomkins in New York.

Some $12.1m of the improvement came from revised estimates of salvage values and depreciable lives for some of its aircraft. The rest of the turnround was attributed to cuts in unprofitable flying. The company reduced available seat miles by 2.5 per cent but cut passenger revenue miles by only 0.5 per cent, so the load factor rose from 63.9 per cent to 65.2 per cent.

Revenues rose by 2 per cent to $2.2bn and earnings per share were 23 cents compared with a loss per share of 3 cents last time. For the full year, the company saw a turnround from net losses of $207.5m to net profits of $236.2m after preferred stock payments.

Earnings at Genentech surge 111% to $124m

Genentech, the Californian biotechnology company controlled by Roche of Switzerland, increased earnings by 111 per cent last year to $124m, on sales up 22 per cent at $795m, writes Tony Jackson in New York.

Fourth-quarter earnings were flat at $19m.

Full-year sales of the group's principal product, the blood clot treatment Activase, were up 19 per cent at $281m. Sales of growth hormones, where Genentech faces the threat of competition this year, were up 4 per cent at $225m.

R & D expenditure fell in the year to 40 per cent of sales from 46 per cent, though the absolute figure rose 5 per cent to $314m.

Credito Italiano cleared to increase bid for Rolo

The Bank of Italy, which supervises Italy's fragmented banking sector, yesterday gave the go-ahead to Credito Italiano (Credit) to increase its bid for Credito Romagnolo (Rolo) of Bologna, writes Andrew Hill in Milan.

However, Credit is still awaiting a decision from Consob, the stock exchange watchdog, about whether the rival bidder – a consortium led by Cariplo, the Milan-based savings bank – is allowed to relaunch its counter-bid.

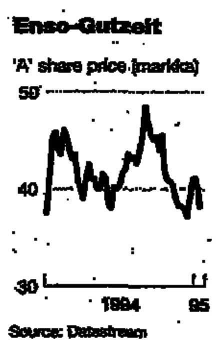
This is the first time that Italy's takeover code has been properly tested, and the battle has shown up ambiguities and omissions in the rules which make it difficult to predict the outcome.

Consob indicated yesterday it would need the weekend to reach a decision on how to interpret the code. In principle, the improved offer from Credit must be launched by January 30.

The Cariplo consortium is bidding for 70 per cent of Rolo at a price of L21,500 a share, against Credit's original offer of L20,000 for a 64 per cent stake.

Credit said last week it would launch a new bid which would be better in terms of "quantity and price" than the consortium offer, which is worth nearly L3,300bn ($2bn). Ras, the Italian insurer controlled by Allianz of Germany, and Carimonte, a bank from the same region as Rolo, have agreed to support Credit, probably by buying part of Rolo once the bid is complete.

Enso-Gutzeit plans Indonesian investment



Source: Datastream

Enso-Gutzeit, the Finnish pulp and paper group, yesterday announced a substantial investment in an Indonesian timber plantation project. The move enhances its presence in a country with the largest forestry resources in south-east Asia, writes Christopher Brown-Humes in Stockholm.

Wood from the plantation will provide raw material for a 500,000-tonne short-fibre pulp mill, which will be built later in the decade if a feasibility study proves positive.

Output will help reduce a predicted shortfall in world short-fibre pulp production, and further promote the rapid expansion of the Indonesian pulp and paper industry.

Enso will take a 30 per cent stake in the 100,000-hectare plantation, alongside the state forestry group Inhutani III (40 per cent) and the privately-owned Gudang Garam (30 per cent). The investment is expected to cost up to $140m over 10 years. The price tag includes the development of nearby land for agricultural and other uses.

The plantation will mainly consist of acacia trees, which reach maturity within eight to 10 years.

Enso has been involved in Indonesian reforestation for more than 10 years, and it already collaborates with Gudam Garang in liquid packaging board.

Aga sells stake in Avesta Sheffield

Aga, the Swedish industrial gas group, yesterday sold its entire 7.2 per cent stake in Avesta Sheffield, the Anglo-Swedish stainless steel producer, for SKr900m ($128.8m). The sale is part of its focus on core business, writes Christopher Brown-Humes in Stockholm.

The company sold 11.5m Avesta shares at SKr78 a share, against a book value of SKr25.8, for a total capital gain of SKr600m. The purchasers were a group of Swedish and foreign investors. The disposal, which took advantage of a steady upward trend in Avesta's share price, will lift Aga's equity-to-assets ratio above 40 per cent, up 3 percentage points.

Aga was Avesta's second largest shareholder after British Steel, whose stake in the company climbed to 49.9 per cent from 40.0 per cent last September.

ABB to spend $1bn on Indian operations

By Shiraz Sidhva in New Delhi

ABB Asea Brown Boveri, the electrical engineering multinational, will invest $1bn in its Indian operations over the next seven or eight years, the company's president Mr Percy Barnevik said yesterday.

This will double ABB's current investment in India, and will be used in a combination of share purchases, machinery, land acquisition and plant-building, he said.

Mr Barnevik is in India this week to finalise ABB's long-term strategy in the country and to meet political leaders, including the prime minister, to gauge the progress of reforms.

"Our ambition is to build engineering capability in the country, not just boilers and turbines," Mr Barnevik said.

The company is in the process of a significant restructuring, in addition to expanding its business. A power-plant manufacturing facility is being established, and a greenfield unit, either in Gujarat or Karnataka, will be set up to make large turbines for the power sector, with an investment of Rs2bn ($63.8m).

The multinational will soon complete the technicalities of taking over the Durgapur-based Associated Boilers (ABL), India's second-largest boiler manufacturer. ABL, formerly ACC Babcock, has accumulated losses of more than Rs1.3bn. ABB plans to revive the company and take over management control, after a two-month "cooling period" and obtaining formal approval from the government's Board for Industrial and Financial Reconstruction.

ABB is also awaiting permission to acquire the troubled Bangalore-based New Government Electric Factory (NGEF), an electronics manufacturer for the power industry, jointly owned by the Karnataka government and AEG of Germany.

ABB also manufactures motors and robotics, and will bid for mass rapid transit systems in Bangalore and Bombay when the government privatises the transport sector.

"India has the world's largest railway network after the break-up of Russia, and ABB is keenly interested in participating in its growth," said Mr Barnevik.

ABB's annual income in India is expected to exceed $3bn by the turn of the century. Financial services will be set up to fund ABB's Indian operations.

Supply overwhelms Indian equities market

Investor trepidation is delaying deals and squeezing liquidity, writes Conner Middelmann

India's primary market in equities is groaning under the weight of supply amid tepid investor demand. The trend was illustrated this week by Indian Hotels' decision to delay a planned $125m issue of global depositary receipts (GDRs), and by last week's postponement of a large domestic share offering for the Industrial Development Bank of India.

Both the domestic stock market and the market in depositary receipts – certificates which trade as proxies for underlying shares on international markets – have performed badly since the beginning of the year, albeit for different reasons.

"What is weighing on the GDR market has very little to do with what is affecting the domestic stock market – the two aren't always very closely correlated," says Mr Jeff Chowdhry, fund manager at Foreign & Colonial Emerging Markets.

Two factors depressing the local equity market are the prospect of heavy supply from domestic initial public offerings and privatisations, and political nervousness surrounding next month's regional elections and the 1995 budget, expected in February.

As a result, the Bombay Stock Exchange Sensitive Index (Sensex) has fallen by about 5.5 per cent since January 2.

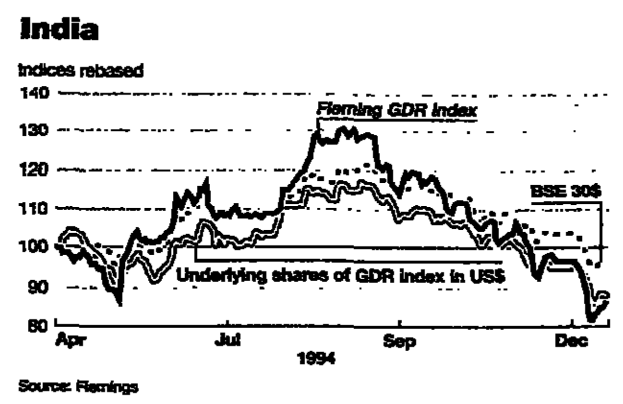
On the domestic supply front, four companies – Reliance Finance and Capital Trust, Essar Oil, the Oil and Natural Gas Commission and Hindustan Petroleum Corporation – are planning domestic share issues totalling an estimated $1bn in the next three months. Moreover, the government plans to auction stakes of between 5 and 10 per cent in six public-sector companies later this month, in deals estimated to be worth some $650m.

"The local market is suffering a liquidity crunch," says Mr Sanjay Nayar, head of global emerging-market equities at Citicorp in London. Large Indian investment institutions have had to pay redemptions and dividends, and are also holding on to cash reserves to invest in the IPOs expected in the coming weeks, he says. "As a result, liquidity has dried up and volume has fallen sharply – there are many sellers and no buyers," he says.

To some extent, illiquidity in the local market has put pressure on GDRs, he says. "Foreign investors who needed money haven't been able to sell in the cash market because it's so illiquid – so they sold GDRs instead."

GDRs have also been hit by the general emerging market malaise which began last year and was exacerbated by the recent upheaval triggered by Mexico's peso devaluation.

Further exacerbating the GDR sector's weakness is its relative illiquidity, some say. "About 15 houses show indicative prices in GDRs, but market-makers who are willing to make prices in institutional size are few and far between," says Mr Roddy Sale, head of international capital markets at Jardine Fleming in Bombay.



Source: Flemings

As a result, the GDR sector has been underperforming the cash market, with many issues trading at increasing discounts to the price of the underlying stocks. The sector's average discount is currently around 15 to 20 per cent, but some discounts have widened by as much as 40 per cent in recent weeks.

"The secondary market now trades so cheaply that it's the biggest competitor to the primary sector," says one syndicate official, who expects the market to remain effectively closed for the next two months. "We need the secondary market to firm up a bit before we can get any new deals done."

In an environment of increasing discounts, companies are reluctant to issue GDRs at less attractive terms than they could command in healthier market conditions. This means that of the 24 issues – worth $2.3bn – slated so far, only a handful will see the light of day in the next few months. "If a high-quality company like Indian Hotels delays its issue, the also-rans don't stand much of a chance," says Mr Chowdhry.

Even when the GDR market does come back to life, investors are likely to become more discerning. "Last year, second-rate companies managed to issue GDRs and sell them to some relatively uncritical investors," says one banker. Some of those deals' poor performance in the aftermarket has increased investors' scepticism. "Investors have become more selective and we will see a flight to quality when issuance resumes," he says.

Indeed, although many GDRs have fallen into deep discount territory, higher-quality names such as Bajaj Auto and Ranbaxy still trade at a handsome premium to the underlying stock, at around 8 per cent and 14 per cent respectively.

Meanwhile, some foreign investors no longer want to restrict themselves to the GDR sector, which with 45 outstanding issues is hardly representative of the vast Indian equity market. Although they have to register as foreign investment institutions to trade in the local stock market – where settlement procedures remain cumbersome – an increasing number of investors say it is worth the effort.

"For dedicated India funds, the GDR market is not particularly attractive because it doesn't offer the range of companies they require," says F&C's Mr Chowdhry, who invests mainly in the local market. His fund focuses on medium-sized companies, while most issues in the GDR sector are from India's top 100 companies.

Moreover, GDRs do not cover all industry sectors. "The GDR market is weighted towards textiles, while finance, utilities and infrastructure are still relatively under-represented," says Fleming's Mr Sale.

While many bankers hope that the Indian market will revive once investors refocus on the country's strong economic outlook, it is likely to remain overshadowed in the near term by political and supply worries.

"Eventually, I expect many portfolio managers to increase their Indian weighting on the basis of strong earnings growth and a price/earnings ratio of around 15 times in 1996. But in the short term the consolidation may continue," says Fleming's Mr Sale.

Bear Stearns plunges 78% for quarter

By Maggie Urry in New York

Continued difficult trading conditions for Wall Street firms were reflected in a 78 per cent fall in second-quarter per-share earnings at Bear Stearns, the investment bank and securities trader.

In the three months to December 31 earnings were 22 cents per share, down from $1, with net income of $32.9m compared with $134.8m. Revenues in the quarter were 43 per cent lower at $426.6m.

This leaves first-half net income down to $68.4m from $239.1m, and earnings 73 per cent down at 47 cents per share from $1.77.

Interest rate rises in the second half of 1994 hit fixed-income trading, while underwriting volumes were also affected by the poor market. However, Bear Stearns increased revenues from merger and acquisition work. It announced an unchanged quarterly dividend of 15 cents.

Anglo American mines steady at R207m

By Mark Suzman in Johannesburg

Anglo American's gold and uranium division has reported a 1 per cent drop in available profit, to R207m ($58.6m), for the quarter ended in December. The result compares with R208.1m in the previous quarter and was slightly better than the market had expected from the world's biggest gold producer.

Overall gold production rose 3 per cent to 61,979kg from 60,331kg previously. Average working costs dropped 2 per cent, to R33,623/kg compared with R34,139/kg, but average revenue also dropped slightly, to R44,384/kg from R44,408/kg.

At the group's individual mines, heavyweight Freegold lifted total production by 6.5 per cent to 27,271kg from 25,614kg. The improvement came on the back of an increase in yield to 4.55 grammes/tonne compared with 4.31 grammes/tonne previously. However, tax paid rose by a hefty 82.7 per cent to R67.4m from R36.9m.

Vaal Reefs, the other large producer, also increased production slightly to 18,009kg from 17,861kg in the previous quarter, as a drop-off in yield there, at 5.67 grammes/tonne compared with 6.28 grammes/tonne, was offset by higher tonnage milled.

Meanwhile, at Western Deeps there was a slight drop in production to 9,725kg from 10,021kg. However, smaller producer Elandsrand saw a substantial rise in available profit, to R16.39m from just R7.18m previously, as it threw off the effects of the industrial unrest that hit the previous quarter's results.

Mr Clem Sunter, division chairman, said the results were "not too disappointing", especially given the quarter's much higher capital expenditure, up 24 per cent to R359.3m from R289.5m. However, he warned that year-on-year comparisons between 1994 and 1993 were causing concern, and that corrective action would have to be taken soon.

In particular, he noted that total production had fallen to only 242 tonnes during the year from 267 tonnes in 1993. He said that after two good years of cost containment, during which costs rose by much less than the prevailing rate of inflation, in 1994 they rocketed up by 16.9 per cent.

"We are entering another squeeze situation similar to 1990," Mr Sunter said, cautioning that if a similar rise was seen this year it could cause the loss of up to 15,000 jobs at the group's mines.

Asahi Bank may close NY trust operation

By Gerard Baker in Tokyo

Asahi Bank, one of Japan's smaller commercial banks, said yesterday it was considering closing its trust subsidiary in New York in a review of its global business operations.

A spokesman for the bank said the move was being considered in advance of a new round of financial deregulation that will allow commercial banks into the trust banking business in Japan.

Under the proposals currently being examined, Asahi Bank Trust Corporation of New York would be closed down by the end of this year and its operations transferred to a domestic trust subsidiary to be established in the financial year beginning in April.

The plan is contingent upon final approval by the ministry of finance.

Several Japanese commercial banks set up trust subsidiaries in the US in the 1980s as they were barred from domestic trust business. But in the past few years the deregulation of the domestic financial sector has enabled them to enter the securities market through subsidiaries. The next phase of deregulation allows them to expand into the trust banking business, although activities will be limited at the outset.

The closure of the New York subsidiary is in line with a general review of the operations of the Asahi group, the spokesman said. That review includes a strategic goal of stepping up operations in Asia.

Share price falls after disposal to subsidiary of Philipp Holzmann

Costain sells US coal business

By Andrew Taylor, Construction Correspondent

Shares in Costain, the troubled construction and engineering group, fell by more than 10 per cent to 18p yesterday after the group announced the sale of its most profitable US coal mining business.

The company is raising \$100m from US coal disposals including \$75.8m from the sale of its 80 per cent stake in Dolet Hills Mining Venture in Louisiana. The buyer is Jones Capital Corporation, a subsidiary of Philipp Holzmann, the German construction group.

Costain's share price fell after it warned that its remaining US coal mining interests in Kentucky were likely to "be sold at a substantial discount to their net book value".

Mr Peter Costain, chief executive, said trading conditions within the US coal division had remained very difficult in the second half of last year. The division incurred a \$15.3m loss in the first six months of 1994.

Costain announced the sale of the US mining businesses after reporting a £14m first half pre-tax loss.

The company had previously been forced to sell its UK residential and commercial property interests and its Australian coal division to cut borrowings. Net debt at the end of June, however, was still £63m (\$98m), representing gearing of 30 per cent. This was despite two rights issues in 1991 and 1993 which raised £161m.

The Dolet Hills operation involves a long term fixed price contract to supply lignite coal to a Louisiana power station. The contract in 1993 generated attributable pre-tax profits of \$15.1m for Costain.

The company does not, however, own the Louisiana coal reserves and the sale price represents a book profit before tax of \$40m against an attributable net asset value of \$21m.

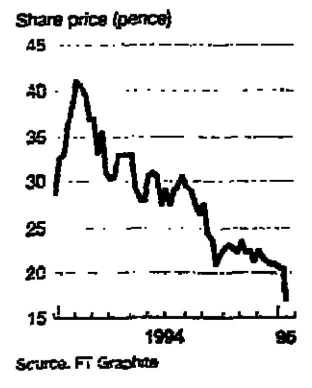
Mr Costain said: "The power station contract already has run for 10 years and has another 15 to go. As far as we were concerned it had passed its best years for income and required considerable capital expenditure in 1996-97. We are very happy with the deal we have got."

The price paid by Jones represented \$61m in cash and \$14.8m from the assumption of Costain's share of Dolet's net borrowings.

Mr Costain said a number of other peripheral US coal and other assets had been sold separately for \$22m, including \$8.8m for the railway which transports coal from its west Kentucky mines and \$7m for an Ohio coal supply contract.

Costain Group

Share price (pence)



Source: FT Graphite

DTI looks at SBC deals

By Robert Peston and David Wighton

The Department of Trade and Industry is examining whether Swiss Bank Corporation's controversial derivatives dealings ahead of Trafalgar House's bid for Northern Electric breached insider dealing regulations.

"The DTI is looking at the case in detail", commented an official. "No decision has been reached about whether there may be a case to answer."

It has requested information on the affair from the Stock Exchange's insider dealing group. The Stock Exchange yesterday refused to comment.

Mr Rodolfo Bogni, SBC's London chief executive said: "I would have been surprised if the DTI were not looking at all angles." However, he said he was relaxed about it and stressed: "There is a difference between looking at a dossier and launching a formal investigation".

Mr Michael Lawrence, chief executive of the Stock Exchange, said the insider dealing question was a matter of legal interpretation. "We are simply fact finders. We are not going to arbitrate between lawyers."

He said the regulatory review announced in the wake of the exchange's investigation would cover "all areas of public concern in this matter". He added the main area of public interest was the rule exempting marketmakers from the requirement to disclose holdings of more than 3 per cent.

National Home Loans seeks £50m

By Tim Burt

National Home Loans, the centralised mortgage lender, yesterday announced its long-awaited restructuring, with plans for a £50.3m (\$78.5m) rights issue and hefty capital reconstruction.

The group, which ran up losses of £238m as the property market collapsed in the early 1990s, said the proposals would repair a balance sheet devastated by accumulated deficits of £141.7m.

Preference shareholders are being asked to waive £24m in dividend arrears in return for a three-for-one conversion to ordinary shares and a favourable rights issue allocation.

Of the 47.9m new ordinary shares being issued, preference shareholders have been offered a nine-for-25 allocation at 110p each, against a three-for-25 offer to ordinary shareholders.

The rights issue, accompanied by a 10-for-one share consolidation, will provide £10m for debt repayment and some £40m of capital for new mortgages. Although it only resumed lending last summer after a three-year absence, the company said it was enjoying steady demand.

LEX COMMENTS

British Land flair

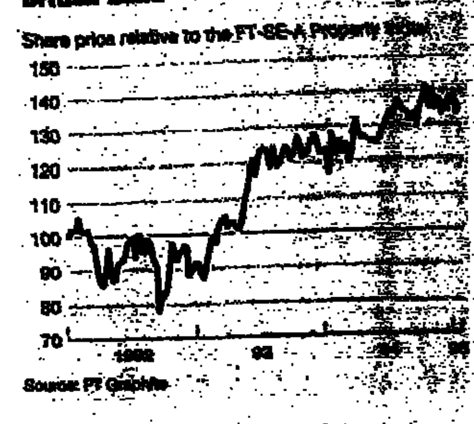
British Land's acquisition of Stanhope should boost its image as the UK property company that comes closest to combining entrepreneurial flair with size. Mr John Ritblat, chairman, has played his cards with skill. He paid £5m last February for an initial stake in Stanhope. This won a front seat at the negotiations, while elbowing out another interested party. Competition from PosTel made him raise his bid, and he has paid close to asset value for it. But British Land retains total flexibility over when to take the £800m of Broadgate Properties' debt on to its balance sheet by buying out the Rosehaugh receiver's half share. Stanhope ownership gives him pre-emption rights on that stake, effectively removing competition.

The hitch in Mr Ritblat's game plan – namely Mr George Soros' exit from his partnership with British Land – was unforeseeable. It cost £142m to buy out the Soros stake, pushing gearing up to 100 per cent. The Stanhope purchase raises that to 107 per cent, and buying the remainder of Broadgate would put further pressure on the balance sheet.

Some property disposals are likely, along with restructuring of the Broadgate portfolio. But as things stand, investors must expect that, if the share price rises much, an equity issue – probably via a placement – will be on the cards. If the placement goes to PosTel, an evident fan of Broadgate, or another influential institution, that would limit the pain. But the threat of such a placement could put a ceiling on the share price.

British Land

Share price relative to the FT-SE-A Property Index



Source: FT Graphite

UK housing

The bad news for British borrowers is that yesterday's mortgage rate rises are only the first of a series likely this year. The good news is that mortgage rates are rising less rapidly than base rates. Halifax Building Society's 0.25 percentage point increase compares with last month's 0.5 point base rate rise. Back in September, when base rates also rose 0.5 points, mortgage rates went up 0.3 points.

Such cushioning of borrowers is likely to continue. The spread between mortgage and base rates has shrunk from the 2.5 points of last year but it is still a fat 2.1 points. That makes it easy for banks, which finance themselves primarily through wholesale markets, to compete for home loans.

Building societies, which rely mainly on retail funds, have an interest in reducing that margin. Even if their savings rates do not rise as fast as base rates, societies should still be able to attract funds. They will probably want to see the spread coming down to nearer 1.5 points. That means that, even if base rates rise say another 1.5 points this year, mortgage rates may increase less than one point.

Though mortgage rises should be subdued, the housing market is still vulnerable. The large number of borrowers suffering from negative equity – where their loans exceed the value of their homes – will continue to overhang the market.

Forthcoming tax increases will also act as a dampener. The housing market would perk up if earnings started to accelerate. But so far there is no sign of that.

Transparency or opacity?

Norma Cohen looks at marketmaking privileges

The argument over Swiss Bank Corporation's use of its marketmaking arm to build invisible stakes in regional electricity companies could not have come at a worse time.

Marketmakers are already under fire from regulators and from some customers. At issue are the special rules which allow them to hide their trades from the market, all in the name of facilitating liquidity.

The Office of Fair Trading has issued a report concluding that delays in disclosing trades are unfair to investors; and the Securities and Investments Board, the City watchdog, has issued a discussion document which questions the fairness of the transparency rules and marketmaking privileges.

The Stock Exchange, where marketmakers are among some of the largest and most influential members, has so far resisted efforts to erode marketmaking privileges.

But news that SBC had over several months quietly built an 8.2 per cent stake in Northern Electric, has enraged investors – many of whom previously defended the lack of transparency in marketmaking.

Without some opacity, marketmakers say, it is too easy for competitors to see that large blocks of a particular stock are likely to become available and move prices to the original dealer's disadvantage. They claim that if regulators insist on greater transparency, marketmaking will become unprofitable and firms will no longer commit capital, with the effect that investors will lose the ability to buy and sell quickly in large blocks.

Perhaps most significantly, marketmakers need not disclose how much of any given stock they own, even if they hold more than the 3 per cent threshold above which any other purchaser would have to make its identity known.

Mr Geoff Lindy, of the National Association of Pension Funds, which has supported the marketmakers, has now backs a change in the rules.

The exchange concluded that SBC did nothing wrong. "There is nothing to suggest that SBC did anything abnormal in relation to their practice, or normal market practice."

SBC says that it built the stake in its marketmaking capacity, agreeing to buy parcels of shares from clients eager to unload them.

Privately, marketmakers say, the fact that Northern Electric's share price was rising during the period opens this defence to question.

It is the aggregate value of the stake which is unusual.

"The real problem here is our legal system," said the head of marketmaking at one US-based firm. In the UK, the only sanctions for market manipulation are criminal, thus forcing regulators to prove their case beyond reasonable doubt.

But in the US, the Securities and Exchange Commission may consider civil penalties.

But perhaps the greatest difficulty in regulating marketmaking activities is that there is no clear definition of the types of trading which constitute genuine marketmaking.

"What's wrong here is that you can get marketmaking privileges ... without really marketmaking," complained one "Although there are 29 registered marketmakers, only seven are recognised as genuine."

He argues there should be ways of measuring marketmakers' activity and excluding those who do not meet the standard.

However, marketmakers also concede that at times, all firms may be guilty of failing to make genuine two-way markets in each stock. If that is the case, few will be willing to argue for tougher standards to retain their privileges.

Neotronics hit by US sales fall

Tough competition in the US and the costs of launching its Nose electronic olfactory sensor, resulted in a sharp reduction in pre-tax profits at Neotronics Technology in the year to September 30.

Sales of gas detection equipment in North America were hit by aggressive pricing by competitors. This led to a reduction in overall sales from £21.4m to £19.9m (\$31m). After development and marketing costs related to Nose of £355,000, pre-tax profits were more than halved at £1.08m.

Mr Paul Gotley, chairman, said corrective measures in North America included a restructuring of the marketing and sales effort. There were signs profits were recovering.

Throughout the rest of the world the range of gas detection monitors continued to sell well. Trading in the Middle East and south-east Asia and Europe was improving. Contracts had been won recently in Abu Dhabi and Switzerland and a sales agreement had been reached in China.

BTR changes management and style

By David Wighton and Kenneth Gooding

BTR yesterday confirmed that it is to appoint an outsider as chief executive for the first time. The move was widely welcomed by analysts and investors who said it addressed many of their recent concerns.

The move not only represents a dramatic change in the conglomerate's management practice. It will also bring a very different personality to the top job. Mr Alan Jackson, a tough Australian who worked his way up from the shop floor, is to be succeeded by Mr Ian Strachan, a suave 51-year-old who went to Princeton and Harvard after getting a double first at Cambridge.

Mr Jackson is widely admired for his achievements in 18 years at BTR, not least for the deals he did in the late 1980s when running BTR Nylex in Australia. But his closest supporters would not claim communications with shareholders have been a strong point. Poor investor relations have been one of the factors behind a fall in the share price over the past six months.

Mr Norman Ireland, chairman, said that Mr Strachan's experience in dealing with the City of London was one of the key advantages he had over the three internal candidates for the job. As deputy chief executive of RTZ Group, a company which takes investor relations very seriously, Mr Strachan is well known in the City. "He is smooth without being flashy," says one analyst.

His attempt to rebuild confidence will be helped by what Mr Ireland says will be a change in management style. "Slightly more responsibility will be devolved down allowing Ian to focus on the strategic direction of the company."

One of the concerns about Mr Jackson has been that he takes on too much himself, prompting the common complaint that "he is always on a plane". One shareholder said yesterday: "BTR is now much too big and complex to be run in the same way as it was under [Sir] Owen Green. The board has belatedly recognised that." An important piece of the new structure was put in place in September when three regional managers, Mr Chris Burns, Mr Paul Buysse and Mr John Thompson, were appointed to the board.

At the time of their promotion BTR did nothing to counter the assumption that the successor to Mr Jackson, who reaches group retiring age of 60 in March 1996, was likely to come from these three.

Experience of dealing with the City of London is one of Ian Strachan's key advantages

Some investors thought BTR should look outside. Mr Ireland says now that the three were being measured against "what might be available outside", but that BTR could not disclose it would consider outsiders since this would be "price-sensitive information".

In the end Mr Strachan was chosen, partly for his international experience. A high flyer who spent most of his career with Exxon, the US oil company, Mr Strachan was head-hunted by RTZ, which like BTR, had previously promoted entirely from within. He joined RTZ in 1987, at 44, as director responsible for finance, planning and administration.

He is seen a good strategic thinker and will be supported in this role by two new outside non-executive directors.

Alone among big UK public companies, BTR has no outside directors. Mr Ireland remains critical of the corporate governance fashion for non-executive directors many of which he believes have little to offer.

He says the decision to break the BTR tradition stems solely from the need to find a new chairman when he retires in May 1996. Mr Jackson has always made clear that he wants to return to Australia when he steps down. And Mr Ireland believes the chairman should have at least six years in the job which makes BTR's current non-executives too old.

The plan is that one of the new outside non-executives will become chairman. Mr Ireland has a list of potential candidates, including his old friend Sir Robin Biggam, chairman of BICC.

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British Land wins the battle for Broadgate

Simon London on the agreed £125m offer for Stanhope and the build-up to the deal

British Land, the property company chaired by Mr John Ritblat, yesterday emerged as victor in the battle for Broadgate, making an agreed £125m (\$195m) bid for Stanhope, the property developer which owns half of the prestige City of London office development.

Stanhope's 16 banks, led by Barclays, decided early yesterday morning to accept British Land's terms, bringing to an end four weeks of tense negotiations since Stanhope's credit facilities expired.

British Land's success is a blow for PosTel, the UK's largest pension fund, run by Mr Alastair Ross Goobey, which had offered the banks alternative rescue proposals in the hope of gaining control of Broadgate.

He remained convinced that his plan to unify ownership of Broadgate Properties, holding company for much of the Broadgate and Ludgate office developments, would have been the best outcome.

PosTel had offered to underwrite a rights issue which would have raised sufficient funds to repay most of Stanhope's bank loans and buy the other half of Broadgate Properties from the receiver to Rosehaugh, Stanhope's former development partner, which went into receivership in 1992.

In PosTel, Broadgate Properties would have gained a parent large enough to restructure its £750m bank debt, which falls due for repayment in 1997.

Bank creditors to Rosehaugh would also have been able to get out. They must now wait to see whether British Land is ready to negotiate for full control of the holding company.

It was unclear last night whether British Land would now seek to gain full control. Mr Ritblat said he was "flexible" on this point.

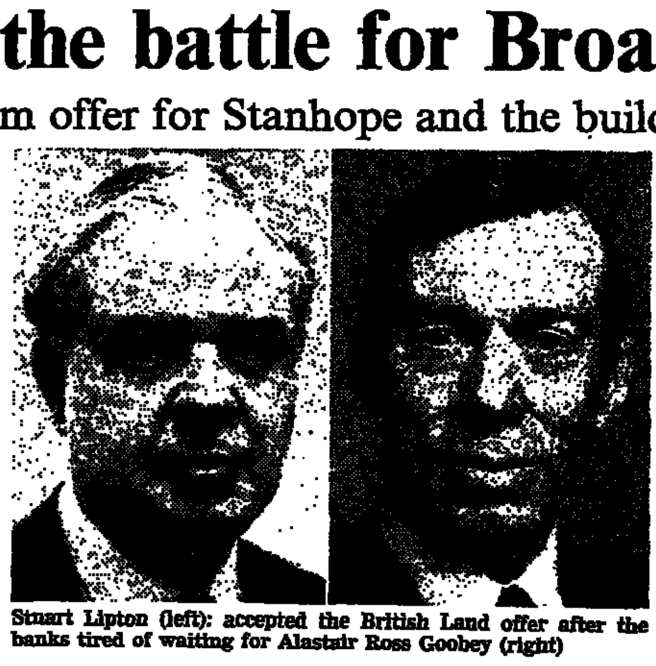
Mr Roger Oldfield of KPMG Peat Marwick, joint receiver to Rosehaugh, said he would consider offers but was not actively seeking a buyer.

British Land will pay Stanhope's banks £122m for their £148m loans. Shareholders are being offered 3p a share or a total of £3.5m. The shares were suspended on December 22 at 8p. British Land bought 29.9 per cent of Stanhope last February. Together with irrevocable undertakings from Stanhope's directors, including Mr Stuart Lipton, founder and chief executive, it has acceptances in respect of 66.3 per cent of the shares. Mr Ritblat said British Land intended to issue shares to meet the £125.5m cost of the offer, although it had not decided when to make such an issue.

In the 1980s, Mr Lipton built Stanhope into one of the UK's most influential property developers. However, the projects were financed by bank loans. When property values fell it had insufficient assets to repay its banks.

The agreement brought to an end a year-long campaign by Mr Ritblat to gain control of Stanhope after acquiring a 29.9 per cent stake.

According to Stanhope, British Land's appearance on the scene scuppered refinancing negotiations with another



Stuart Lipton (left): accepted the British Land offer after the banks tired of waiting for Alastair Ross Goobey (right)

party, believed to be Singapore Land, which were at an advanced stage. It fought a fierce but unsuccessful legal battle to prevent British Land buying the shares.

Stanhope's search for a refinancing partner continued through the summer. In addition to British Land, interested parties included Morgan Stanley, the Whitehall Fund run by Goldman Sachs, and a consortium of investors led by Chelsfield, the property company run by Mr Elliott Bernerd.

Jones Lang Wootton, the surveyor, was commissioned to forecast future rents and the value of Broadgate. It caused a stir by projecting that Broadgate would command rents of £50 per sq ft by mid-1997 – against perhaps £30 per sq ft at the time.

The potential bidders for Broadgate agreed that the outlook was good, but they were not prepared to offer enough to satisfy Stanhope's banks. The best offers would have given them repayment of about 70p in the pound on their loans.

In the month before the December 19 refinancing deadline, though, offers started to creep higher. PosTel made its rights offer in early December. British Land also made a new offer, a simple takeover of Stanhope which would give the banks about 75p in the pound.

After informal talks over Christmas PosTel and British Land increased their offers further, giving the banks 82.5p in the pound.

Many of the banks would have preferred, in principle, to accept PosTel's proposal. But for it to be put into practice, a price for half of Broadgate Properties had to be agreed with Rosehaugh's banks.

PosTel offered £110m at a meeting of Rosehaugh's 30 creditor banks on Thursday January 5 – a full two weeks after Stanhope's shares were suspended. This was rejected.

Postel came back again on Friday January 13. Rosehaugh's banks were now offered up to £120m for their share of Broadgate Properties, depending on the value of its assets at June 30 this year. This was broadly acceptable to Rosehaugh's banks, it came too late to block British Land.

The previous evening, Stanhope's 16 banks, tired of waiting, had voted to accept British Land's offer.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Aim	6 mths to Oct 31	13.4	(15.5)	0.19	(1.18)	0.7	(5.4)	1.5	Apr 13	1.5	-	4.3
Barbour Index	6 mths to Oct 31	6.58	(6.4)	1.93	(2.03)	7.7	(8.1)	2.85	Apr 6	2.7	-	8.5
Brooke Tool	Yr to Sept 30	16.2	(14.6)	0.21	(0.39L)	0.6	(1L)	0.1	Apr 7	nil	0.1	nil
Carpetright	6 mths to Oct 29	64.7	(50.5)	8.05	(5.51)	6.8	(4.7)	3.9	Feb 24	2.7	-	7
Hill & Smith	Yr to Sept 30	76.6	(67)	4.75	(4.08)	9.51	(9.01)	4.1	Apr 7	3.73*	8.2	5.64*
McKay Securities	6 mths to Sept 30	4.64‡	(5.28)	1.46	(1.35)	4.6	(4)	2.1	Mar 30	2.1	-	8.2
Neotronics Tech	Yr to Sept 30	19.9	(21.4)	1.08	(2.33)	3.62	(5.73)	0.85	Mar 3	1.75	1.7	2.6
Ransom (William)	6 mths to Sept 30	3.25	(3.31)	0.27	(0.29)	1.16	(1.22)	0.789	Apr 3	0.789	-	1.989
Rubicon	6 mths to Nov 30	24.5	(23.4)	1.82	(1.94)	5.6	(7.8)	2	Apr 6	1.8	-	4.6

Investment Trusts		NAV (p)		Net Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Brunner	Yr to Nov 30	254.4	(258.7)	3.75	(3.9)	5.86	(6.1)	3	Apr 7	2.85	5.5	5.26

Dividends shown net. Figures in brackets are for corresponding period. *Equivalent after allowing for scrip issue. ‡Total revenues.

COMMODITIES AND AGRICULTURE

Britain's NFU sees 'very real danger' of farm policy renationalisation

By Deborah Hargreaves

The British National Farmers' Union expressed its concern yesterday about the "very real danger" of renationalising farm policy and budgets.

Several recent academic reports prepared for the European Commission on reform of the Common Agricultural Policy have advocated a complete or partial repatriation of agricultural policy.

Sir David Naish, the NFU president, said the organisation needed to be in a stronger position to argue against renationalisation and "degressive" farm payments. The NFU is looking at the arguments for and against renationalisation as part of its expansion of its Real Choices document which looked at options for CAP reform.

Mr Martin Haworth, NFU head of international affairs, said if national governments were given responsibility to determine agricultural payments: "the risk of serious distortion of competition would be very high unless the European Commission could effectively control the use of subsidies through its competition policy and the record so far, in agriculture and the rest of the economy, is that it cannot".

As part of its policy review, which should be completed by March, the union is also looking at the case for more farm payments to be tied to environmental measures, the effects of expanding the EU to Eastern Europe on CAP reform and the case for decoupling subsidies from production.

Sir David said: "I don't believe those who say that making all payments towards green matters is the only solution to CAP reform. It would just mean more bureaucracy and costs".

The NFU is concerned that "the thrust of increasingly competitive pressures upon farm businesses may threaten expressed environmental desires". It believes there will be strong pressure in the EU for a move towards world prices with support payments separated from production. Mr Haworth said: "we need to make it clear what our justification for those payments will be whether it is environmental or social."

The union also said it would resist very strongly attempts to curb the amount of farm support to large, more efficient holdings. "We need to preserve and encourage those sectors that stand the greatest chance of being competitive in the world market."

Canadian company takes the golden high road

Scotland's gold mining potential is no longer seen as a joke, writes Kenneth Gooding

The idea that a gold mine might be developed in Scotland has often been treated as a joke in the mining industry. "We encouraged that attitude," says Mr Dennis MacLeod. "We didn't want other people sniffing around in the Highlands."

Now the joke seems to be on those who mocked Mr MacLeod and others who like him believed there was enough gold in the Scottish Highlands to sustain mining on a commercial scale. "There's enough gold there for several mines," he says with confidence.

Indeed, Mr MacLeod is so certain that Caledonia Mining Corporation, the Toronto-based company he founded and of which he is chairman, is paying US$4.25m in cash plus 500,000 shares worth about C$10.50 (£4.70) each, to buy Fynegold Exploration, which owns the Cononish gold property 60 miles north-west of Glasgow.

Ennex International, the Dublin-based minerals exploration company, worked long and hard to obtain planning permission for a gold mine at Cononish. Final permission was given by Stirling district council, the local authority, on December 8. With that in place, Ennex decided that, rather than enter into a joint venture to develop the project, it would be better to take some cash for its other ventures while retaining an interest in Scottish gold through its holding in Caledonia.

Mr MacLeod says the next step is to arrange debt finance for Cononish. This might take about six months and then it would require another year or 18 months to bring a mine into operation at a capital cost of about US$16m. He envisages a small mine producing about 23,000 troy ounces of gold a year with moderate operating costs in the region of $200 an ounce.

Caledonia itself has been exploring the Highlands and its land holdings are next to Fynegold's. Pooling their resources produces a land package of about 230,000 acres (930 square kilometres) stretching over a distance of 80 km, with, according to Mr MacLeod, excellent potential for the discovery of other ore bodies. Why not, then, wait and develop a much bigger mine?

Mr MacLeod rejects this idea for strategic reasons. "We must get a gold mine into production in Scotland as quickly as possible to prove that gold mining can be carried out in the Highlands without doing any damage to the environment."

During the planning process a number of organisations objected because of fears that an accident at the mine might poison the Tay river system or hurt tourism in the area, which has replaced farming, forestry and the railways as the main earner. However, Ennex's application was helped when Scottish National Heritage changed its mind about the mine's potential environmental impact withdrew its objections.

The local authority has imposed strict conditions, however. There will be no Sunday working. Any free gold will be removed at the site but there will be no use of cyanide, frequently employed in gold processing – concentrate, an intermediate material, will be sent to smelters on the Continent instead. Also the mining company is having to lodge a £500,000 bond to cover any necessary restoration work and will have to restore the site when mining is finally completed, possibly in about seven years time.

The Highlands gold was first discovered by a persistent geologist, Mr Rick Parker, who believed the Caledonian mountain chain had the right characteristics. After working for about ten years to justify his hunch, he found indications of gold on Cononish farm, near the village of Tyndrum, and eventually persuaded Ennex to back further exploration.

Mr MacLeod, whose company now has to recover the gold, was born in Scotland, trained as a chemist, and worked for Rolls-Royce's nuclear power operations before emigrating to Zimbabwe in 1965 to work for the Anglo American Corporation of South Africa.

He moved to Canada in 1980 and three years ago put together the Caledonia company, which is quoted on the Toronto stock exchange.

Caledonia has a diverse spread of exploration and mining interests, including a gold mine in Spain and Hungarian marble operations. Last weekend it completed the acquisition of two gold mines in South Africa, the Eesterling and Barbrook, for C$48m. Mr MacLeod predicts that the three mines this year should produce more than 80,000 troy ounces of gold, rising to about 155,000 in 1996.

He suggests that in the past the biggest problem for potential gold miners in Scotland was amassing land packages. In Britain gold and silver belong to the Crown Estate and this organisation would not give licences until agreement had been reached with landowners. In Scotland much of the land is owned by rich people who prefer to keep it for hunting, shooting and fishing and are not interested in income from mining. However, in the late 1980s the licensing regulations were relaxed. Consequently, suggests Mr MacLeod, there is the potential for a number of gold mines in Scotland along a line from Abberfeldy, Perthshire, to near Loch Fyne in the west.

Strike hits Jamaican bauxite refiner

By Canute James in Kingston

Alumina Partners, Jamaica's biggest bauxite refiner, began shutting down its plant yesterday after unions representing its workers called an indefinite strike starting this evening to protest inconclusive negotiations over a new wage contract.

The company, owned by Kaiser Aluminum of the US and Hydro Aluminum of Norway, said the shutdown was "unfortunate but necessary" and would allow a quick restart of operations when the strike ended.

An expansion of capacity at the refinery was mainly responsible for Jamaica's bauxite ore production rising last year to 11.76m tonnes, 4.8 per cent more than 1993, and for alumina production growing by 12.8 per cent to 3.32m tonnes.

If prolonged, the strike would depress bauxite and alumina production this year, according to officials of the Jamaica Bauxite Institute.

Broker forecasts smaller cocoa deficit

International Trading group E.D. & F. Man expects the world cocoa deficit to shrink in the 1994-95 season to 89,000 tonnes from 91,000 tonnes in 1993-94, reports Reuters.

Man forecasts world production at 2.452m tonnes in 1994-95, up from 2.395m in the previous season; while grindings are expected to rise to a record 2.516m tonnes from 2.462m in 1993-94.

It puts 1994-95 production in Ghana at 300,000 tonnes, compared with 255,000 in 1993-94; in Brazil at 280,000 tonnes, compared with 272,000; and in Indonesia at 280,000 tonnes, compared with 240,000.

Man says Indonesia's crop forecast would have been still bigger but for the depredations of the "pod-borer" pest and dry weather.

In the Ivory Coast, the world's biggest producer, Man predicts a small decline in the crop in 1994-95, to 815,000 tonnes from a revised 1993-94 estimate of 830,000 tonnes.

The forecasts imply a closing stock ratio of 47 per cent (of annual consumption) at the end of 1994-95, down from 51.6 per cent.

MARKET REPORT

Base metals bull run remains firmly intact

Speculators pushed most base metals to fresh peaks on the London Metal Exchange yesterday as the bull run remained firmly intact.

Physical demand remained strong, with consumers looking to buy on any price weakness. Only profit-taking and producer selling capped the rises, traders said.

ALUMINIUM breached a significant chart barrier at the 1990 peak of $2,140 a tonne for three months delivery, sparking a move to a 5¾-year high of $2,155. The next target, traders said, was $2,235 a tonne, the high reached in May 1989. The price closed at $2,134 a tonne as profit-taking and producer selling emerged, but that was still a gain of $20 on the day.

The three months **COPPER** contract also raced to a fresh 5¾-year high, at $3,072 a tonne, and was not expected to be long in breaking above $3,100. Indeed the all-time peak of $3,280 was seen as a realistic target, with a supply deficit during the first half of 1995 expected to eat into global stocks.

Three months **ZINC** cleared a previous peak at $1,214 a tonne on the way to a 2½-year high of $1,236. With chart indicators pointing higher, analysts were looking for a test of the 1992 peak just below $1,400 in the medium term.

Option related selling reversed **GOLD**'s earlier gains and **SILVER** fell with it, but the rest of the precious metals sector was able to ignore the downturn.

Dealers cited selling of February call options as the reason behind the change in gold's fortunes. Trading of options has been the driving force behind recent movements.

London Commodity Exchange **COCOA** futures prices ended little changed, having hardly strayed from their closing levels on Wednesday.

Traders said prices were range bound in the absence of any direction from technicals or fundamental developments. They saw the wider trading range at £960 to £1,000 for the March and May contracts but said there was little incentive just now to move prices either way after last week's failed rally.

COFFEE futures ended firmer but off the day's highs on a lack of follow-through buying as the market anticipated overhead origin selling. The March contract was up $31 at $2,865, compared with a high of $2,900.

"We are again seeing this market's lack of follow-through, its lack of commitment during any upside moves," said one trader.

"There's just enough roaster interest to keep the market firm on the downside," said another, "but we need a combination of good roaster and fund buying to really drive it higher."

Asked about yesterday's meeting of the Association of Coffee Producing Countries in London, traders said nothing had yet emerged to impress the market.

"Talk is cheap," said one, though he added that Brazilian support for the Central American's export retention scheme would be supportive for prices. Commenting on the market's general lack of energy, he said: "Everyone wants the market higher, but they want somebody else to do the buying".

Compiled from Reuters

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	2102.5-3.5	2140-1
Previous	2068-9	2106-7
High/low		
AM Official	2111-1.5	2148-8.5
Kerb close		N/A
Open int.	231,225	
Total daily turnover	61,552	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1975-85	2020-9
Previous	1960-70	2005-10
High/low		
AM Official	1985-90	2033-5
Kerb close		N/A
Open int.	2,633	
Total daily turnover	466	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	673.5-4.5	691-1.5
Previous	664.5-5.5	682-2.5
High/low		
AM Official	672.5-3	689.5-90
Kerb close		N/A
Open int.	37,153	
Total daily turnover	6,880	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	9850-60	10024-5
Previous	9795-9805	9970-80
High/low		
AM Official	9940-5	10090-5
Kerb close		N/A
Open int.	59,528	
Total daily turnover	9,273	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6450-60	6550-60
Previous	6280-90	6370-5
High/low		
AM Official	6475-80	6570-75
Kerb close		N/A
Open int.	21,835	
Total daily turnover	7,094	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1208-9	1234-5
Previous	1171-2	1197-8
High/low		
AM Official	1206-6.5	1232-2.5
Kerb close		N/A
Open int.	96,843	
Total daily turnover	27,613	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	3055-6	3084-5
Previous	3030.5-1.5	3040-1
High/low		
AM Official	3057-9	3084-5
Kerb close		
Open int.	230,006	
Total daily turnover	75,781	

■ LME AM Official £/$ rate: 1.5897
LME Closing £/$ rate: N/A

Spot:1.5755 3 mths:1.5750 6 mths:1.5743 9 mths:1.5734

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Jan	144.40	+3.00	144.40	141.40	1,673	208
Feb	143.50	+3.10	143.30	142.20	942	80
Mar	142.70	+3.10	142.90	139.40	31,214	9,702
Apr	140.80	+3.00	140.20	140.00	945	10
May	138.45	+2.75	138.60	135.80	5,512	906
Jun	136.30	+2.75	-	-	576	-
Total					53,337	11,392

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	382.80-383.20	
Opening	381.85-382.25	
Morning fix	383.10	244.059
Afternoon fix	381.90	243.125
Day's High	383.20-383.50	
Day's Low	381.50-381.90	
Previous close	382.80-383.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.79	6 months	5.72
2 months	5.06	12 months	6.36
3 months	5.28		

Silver Fix	p/troy oz.	US cts equiv.
Spot	313.55	492.25
3 months	318.10	499.20
6 months	323.65	507.55
1 year	336.65	527.20

Gold Coins	$ price	£ equiv.
Krugerrand	383-386	244-247
Maple Leaf	393.05-395.50	-
New Sovereign	89-92	57-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Jan	383.3	+1.0	-	-	-	-
Feb	383.6	+1.0	384.2	381.7	72,909	42,788
Mar	385.4	+1.0	-	-	6	7
Apr	387.1	+0.9	387.8	385.0	21,538	3,170
Jun	390.8	+0.9	391.5	388.0	26,655	2,030
Aug	395.1	+0.9	-	-	15,532	3,252
Total					187,083	56,771

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Jan	418.3	-1.8	-	-	39	1
Apr	420.3	-1.3	422.0	417.0	18,905	4,467
Jul	424.7	-1.3	424.0	423.0	3,966	346
Oct	429.1	-1.3	-	-	1,069	250
Jan	432.8	-1.3	-	-	150	1
Total					24,129	5,064

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Mar	159.50	+0.65	159.75	157.00	6,076	476
Jun	160.75	+0.65	160.50	159.25	953	17
Sep	161.75	+0.65	-	-	277	8
Dec	162.50	+0.65	-	-	11	10
Total					7,317	511

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Jan	487.5	+0.4	-	-	-	-
Feb	488.5	+0.3	-	-	1	-
Mar	490.0	+0.3	494.5	483.0	86,342	20,235
May	495.9	+0.3	500.5	489.0	13,163	290
Jul	502.2	+0.3	506.0	496.0	7,720	373
Sep	508.6	+0.3	508.0	508.0	9,848	17
Total					130,201	21,499

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	18.68	-0.05	18.76	18.55	31,937	31,957
Mar	18.37	-0.14	18.54	18.32	101,262	73,926
Apr	18.20	-0.13	18.35	18.16	49,543	33,961
May	18.11	-0.09	18.20	18.04	22,276	8,190
Jun	17.97	-0.10	18.10	17.95	31,495	8,595
Jul	17.95	-0.12	17.99	17.91	14,510	2,948
Total					395,793	189,668

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	16.88	-0.05	16.93	16.76	85,828	30,618
Apr	16.67	-0.08	16.72	16.59	28,236	13,575
May	16.58	-0.08	16.65	16.58	11,534	2,755
Jun	16.56	-0.05	16.59	16.52	10,876	2,873
Jul	16.50	-0.02	16.56	16.50	5,472	2,111
Aug	16.55	+0.05	16.56	16.50	4,119	1,554
Total					158,037	58,578

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	48.45	-0.63	49.15	48.25	29,692	18,867
Mar	48.65	-0.60	49.23	48.50	35,386	16,271
Apr	48.65	-0.49	49.10	48.55	18,302	5,119
May	48.60	-0.44	48.75	48.60	10,252	727
Jun	48.52	-0.42	48.65	48.50	7,375	1,140
Jul	48.60	-0.54	48.60	48.60	8,104	1,296
Total					132,858	46,662

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	144.50	-1.25	148.50	143.75	44,115	6,470
Mar	147.00	-0.75	148.25	146.00	20,830	3,779
Apr	148.00	-0.75	149.50	147.00	11,246	2,462
May	148.50	-0.75	149.75	148.00	3,657	487
Jun	149.50	-0.50	150.25	148.50	8,008	490
Jul	151.00	-0.50	151.00	150.50	2,387	165
Total					97,949	13,737

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	1.345	+0.010	1.365	1.316	21,912	18,849
Mar	1.401	+0.004	1.425	1.377	24,853	5,808
Apr	1.455	+0.003	1.455	1.430	12,521	2,481
May	1.480	-	1.495	1.470	11,101	1,240
Jun	1.515	+0.010	1.530	1.510	9,698	1,768
Jul	1.560	+0.015	1.560	1.545	10,342	1,047
Total					156,052	41,933

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	58.00	-0.46	59.70	58.50	21,694	15,853
Mar	56.95	-0.21	57.25	56.25	18,781	12,483
Apr	58.20	-0.05	58.35	57.75	13,446	4,057
May	58.75	-0.25	58.80	58.75	8,293	2,244
Jun	56.60	+0.10	56.75	56.65	3,612	838
Jul	56.25	+0.14	56.30	55.75	1,454	357
Total					70,797	36,544

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	107.60	+0.15	107.75	107.30	146	14
Mar	108.50	+0.15	108.50	108.00	1,710	56
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Close	Prev
BFI	[illegible]	[illegible]

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	991	-	992	982	37,105	868
May	991	-	992	983	18,905	759
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	2,780

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	6,049

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
[illegible]	[illegible]	[illegible]

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	3,989

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	8,589

■ COFFEE (ICO) (US cents/pound)

	Price	Prev. day
[illegible]	[illegible]	[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	2,919

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	25,874

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	13,477

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	74.450	-0.150	74.575	74.250	25,692	7,721
Apr	74.900	+0.050	75.000	74.550	35,176	5,328
Jun	67.975	+0.050	68.000	67.600	11,800	1,773
Aug	65.025	-	65.150	64.700	5,330	582
Oct	66.050	+0.075	66.100	65.700	702	133
Dec	66.800	-	67.025	66.800	386	100
Total					81,426	15,888

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	40.400	-0.200	40.650	40.150	10,453	4,244
Apr	40.650	+0.125	40.800	40.225	13,797	4,353
Jun	45.750	+0.200	45.875	45.250	6,683	1,241
Aug	44.350	+0.075	44.500	44.050	1,777	328
Oct	41.700	-0.050	41.950	41.525	1,887	243
Dec	42.500	-0.175	42.650	42.300	1,818	199
Total					N/A	N/A

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	45.400	+1.900	45.500	43.650	5,181	2,188
Mar	45.550	+1.000	45.550	43.900	2,734	729
May	46.350	+1.000	46.350	45.000	979	280
Jul	47.075	+1.900	47.175	45.600	1,101	521
Aug	44.600	+1.550	45.050	43.850	251	78
Feb	51.550	-	51.800	-	42	12
Total					N/A	N/A

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
2100	127	173	92	145
2150	103	151	118	171
2200	82	130	146	200
■ COPPER (Grade A) LME	Apr	Jul	Apr	Jul
2900	217	146	48	125
3000	153	103	83	179
3100	103	70	131	243
■ COFFEE LCE	Mar	May	Mar	May
2700	208	282	43	144
2750	174	254	59	166
2900	144	229	87	191
■ COCOA LCE	Mar	May	Mar	May
950	52	73	11	32
975	35	59	19	43
1000	23	47	32	56
■ BRENT CRUDE IPE	Apr	Jul	Apr	Jul
1600	99	113	31	63
1650	69	87	53	87
1700	44	57	81	107

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Mar)

		+or-
Dubai	$16.01-6.07t	+0.09
Brent Blend (dated)	$17.13-7.17	+0.19
Brent Blend (Mar)	$16.80-6.82	+0.065
W.T.I. (1pm est)	$18.38-8.42t	+0.035

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

		+or-
Premium Gasoline	$164-165	-2.0
Gas Oil	$146-147	-2.0
Heavy Fuel Oil	$108-110	-1.5
Naphtha	$163-165	-0.5
Jet fuel	$162-164	-2.0
Diesel	$151-152	-1.5

Petroleum Argus. Tel. London (071) 359 8792

■ OTHER

		+or-
Gold (per troy oz)♣	$383.00	
Silver (per troy oz)♣	487.5c	-4.0
Platinum (per troy oz.)	$417.00	-4.00
Palladium (per troy oz.)	$158.25	-0.75
Copper (US prod.)	146.0c	+1.0
Lead (US prod.)	42.25c	
Tin (Kuala Lumpur)	15.93m	+0.43
Tin (New York)	300.5c	+4.0
Cattle (live weight)†	120.14p	-1.02*
Sheep (live weight)†♣	115.92p	-0.19*
Pigs (live weight)	[illegible]	+1.64*
Lon. day sugar (raw)	[illegible]	+2.40
Lon. day sugar (wte)	[illegible]	+1.90
Tate & Lyle export	[illegible]	+2.00
Barley (Eng. feed)	[illegible]	
Maize (US No3 Yellow)	[illegible]	
Wheat (US Dark North)	[illegible]	
Rubber (Feb)♥	[illegible]	
Rubber (Mar)♥	[illegible]	
Rubber (KL RSS No1 Jul)	[illegible]	+6.0
Coconut Oil (Phil)§	[illegible]	+2.5
Palm Oil (Malay.)§	[illegible]	-10.0
Copra (Phil)§	[illegible]	+5.0
Soyabeans (US)	[illegible]	
Cotton Outlook 'A' index	[illegible]	+1.45
Wooltops (64s Super)	[illegible]	+20

[illegible]

Wool

[illegible]

VOLUME DATA

[illegible]

INDICES

■ REUTERS (Base: 18/9/31=100)

Jan 18	Jan 18	month ago	year ago
[illegible]	[illegible]	[illegible]	[illegible]

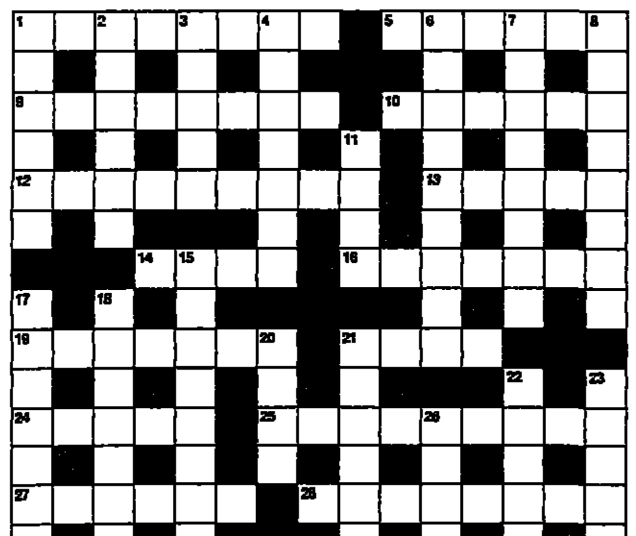
■ CRB Futures (Base: 1967=100)

Jan 18	Jan 17	month ago	year ago
[illegible]	[illegible]	[illegible]	[illegible]

JOTTER PAD

CROSSWORD

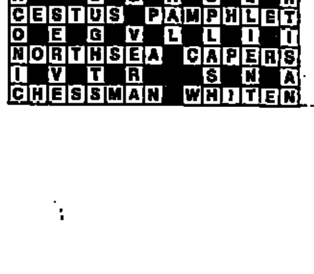
No.8,665 Set by DOGBERRY



ACROSS
1 Hence parasites flank the way to turning point (8)
5 Turning in, passed old port (6)
9 Bird from Germany in new beginning (8)
10 Aim at reptile with fury (6)
12 He's known to run and run – to Albania, perhaps? (5,4)
13 Reference to — Clay, say? Vice versa (5)
14 Forget to order computers etc (4)
16 Swagger and cheer, receiving notice (7)
19 Clearing out, right out, of old medical school (7)
21 Slough storehouse (4)
24 Fairy that's after contracted photographs (5)
25 Get in the way, in brief, crossing river (9)
27 Charge a pound to appear before the nation (6)
28 Graduate to stay on – in sick bed? (8)
29 Judge about to devour settlement (6)
30 Direct firing not starting in ring (8)

DOWN
1 The way to dress as a flasher (6)
2 Tot piercing porky little fellow (6)
3 Giant artist drops one (5)
4 In short, bolted fruit (7)
6 Many annoyed about bath not being connected (9)
7 Weapon Casimir the First wielded (8)
8 Rise unsteadily in the county, showing distaste (8)
11 Animal spending morning in the pound (4)
15 Vegetable causing skin trouble for salesman .... (9)
17 .... ditto, getting doctor in terrible tangle (3-5)
18 Lie to the French about Roman law not being strict (8)
20 Extract from cuff (4)
21 Provide enough volunteers upheld by composer (7)
22 She's a fearsome sight, getting no drink returned (6)
23 One missing reptile evolved into bird (6)
26 Controls home, briefly without home (5)

Solution 8,664



CURRENCIES AND MONEY

MARKETS REPORT

Dollar stumbles on inflation and peso worries

The dollar tumbled unexpectedly at the end of a previously quiet day on fears that the Fed would not meet market expectations of higher interest rates, *writes James Harding*.

In European markets, greater hopes of political stability in Italy lifted the lira. Strong UK retail sales underpinned the pound. Confidence was maintained in the D-Mark after the Bundesbank announced no change in official interest rates.

■ The dollar lurched downwards after a firm start lifted it near to 100 yen. Concerns about the implications for interest rates of US support for the Mexican peso, disappointing trade figures and signs of inflationary pressure pushed the US currency beneath key technical levels in early afternoon New York trading.

The US commerce department reported a 4.3 per cent widening in the trade deficit in November to \$10.53bn from \$10.1bn in October, defying Wall Street expectations of a modest shrinking in the trade gap. This news was followed by indications of continuing price pressure from the Philadelphia Federal Reserve.

The dollar closed in London at DM1.5303 against the D-Mark, barely changed from Wednesday's DM1.53 close. But it then slipped to DM1.5135 just after midday in New York. Against the yen, it finished in London at Y99.67 not far from Wednesday's Y99.425, before falling to Y98.72 in early afternoon trading in New York.

The slide gathered pace when the dollar broke key technical levels at DM1.5225 and as it became clear that there were significant yen flows into D-Mark. Analysts also stressed that there were genuine concerns that the Fed would find it difficult to raise interest rates sufficiently to counter domestic inflationary pressure if the Mexican peso crisis continued.

Worries that the US Congress would veto the peso rescue package drove the Mexican currency down to 5.57 pesos against the dollar in Mexican trading from a London close of 5.485 pesos.

The Canadian dollar picked up a little against the US dollar to C\$1.4191 from C\$1.422 on Wednesday although its medium term prognosis was not good. One analyst forecast "continued pressure on the Canadian dollar until the February budget, where we hope for real cuts in spending."

■ Sterling lost early gains against the D-Mark and finished just below Wednesday's close inspite of strong retail sales. The pound closed in London at DM2.4021 after Wednesday's DM2.4044 and at \$1.5698 following \$1.5715 the previous day.

Economic fundamentals, however, indicated a medium term underpinning for the pound. The UK retail sales figures, following Wednesday' higher than expected inflation data, supported speculation of an interest rate rise in the first quarter.

The Central Statistical Office recorded a 0.5 per cent rise in the volume of UK retail sales making for a 3.6 per cent rise year on year, higher than predicted.

The Bank of England forecast a money market shortage of £1.4bn and supplied assistance at established rates of £512m and late assistance of £800m.

■ The unchanged German interest rates gave investors no reason to shift faith from the D-Mark. It rallied on the European crosses after softening slightly in the morning to finish largely unchanged from Wednesday's close. The D-Mark closed just ahead against the French franc at FFr3.459 after FFr3.456 the previous day.

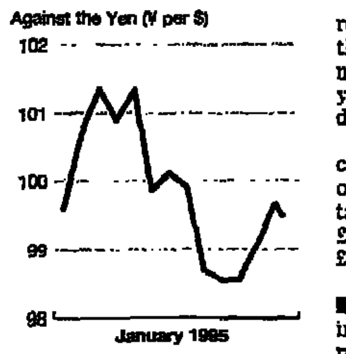
The belief that Mr Lamberto Dini, Italy's new prime minister, may survive a parliamentary confidence motion next week and push ahead with deficit cutting measures gathered momentum. Such hopes lifted the lira against the D-Mark to close in London at L1053 compared with Wednesday's L1057.

However, political instability in Madrid hit the Spanish peseta, which closed down at Pta87.09 against the D-Mark after Pta86.98 the previous day.

■ The rouble continued to slide towards an historic low despite repeated intervention by the central bank and claims that Russian troops had secured victory in Chechnya. The rouble fell to 3,916 against the dollar on the Moscow Interbank Currency Exchange, inching closer to its low of 3,926 on October 11.

Dollar

Against the Yen (¥ per \$)



Source: FT Graphite

■ **Pound in New York**

Jan 19	Latest	Prev. close
£ spot	1.5795	1.5703
1 mth	1.5792	1.5701
3 mth	1.5787	1.5697
1 yr	1.5750	1.5665

■ **OTHER CURRENCIES**

Jan 19	£	\$
Hungary	177.416 - 177.629	113.040 - 113.140
Iran	2731.00 - 2734.00	1748.00 - 1750.00
Kuwait	0.4694 - 0.4697	0.2991 - 0.2992
Poland	3.8053 - 3.8104	2.4245 - 2.4270
Russia	6265.07 - 6269.78	3991.00 - 3994.00
U.A.E.	5.7640 - 5.7668	3.6725 - 3.6730

POUND SPOT FORWARD AGAINST THE POUND

Jan 19		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. index
Europe													
Austria	(Sch)	16.9141	-0.0047	074 - 207	16.9772	16.9074	16.9063	0.9	16.8679	1.1	-	-	116.1
Belgium	(BFr)	49.4982	-0.0669	818 - 147	49.7050	49.4816	49.5301	0.8	49.3882	0.9	48.8432	1.3	117.7
Denmark	(DKr)	9.4711	-0.0082	672 - 750	9.5035	9.4672	9.4813	-0.3	9.4733	-0.1	9.4486	0.2	117.3
Finland	(FM)	7.4368	+0.0099	297 - 438	7.4550	7.4210	-	-	-	-	-	-	88.9
France	(FFr)	8.3091	-0.0002	050 - 132	8.3358	8.3030	8.3056	0.5	8.2993	0.5	8.25	0.7	110.5
Germany	(DM)	2.4021	-0.0023	013 - 029	2.4138	2.4010	2.4019	1.2	2.3948	1.2	2.3609	1.7	127.8
Greece	(Dr)	374.307	+0.172	169 - 445	375.487	373.431	-	-	-	-	-	-	-
Ireland	(I£)	1.0089	-0.0012	082 - 095	1.0127	1.0076	1.0098	0.4	1.0083	0.2	1.0069	0.2	105.2
Italy	(L)	2530.44	-11.24	846 - 241	2543.75	2528.16	2547.88	-2.9	2547.58	-2.7	2597.59	-2.7	72.9
Luxembourg	(LFr)	49.4982	-0.0669	816 - 147	49.7050	49.4816	49.5301	0.8	49.3882	0.9	48.8432	1.3	117.7
Netherlands	(Fl)	2.6931	-0.0052	918 - 943	2.7054	2.6919	2.6963	0.9	2.6858	1.1	2.6513	1.6	121.9
Norway	(NKr)	10.5056	-0.0148	015 - 096	10.5604	10.5015	10.5198	0.1	10.504	0.1	10.4939	0.1	86.9
Portugal	(Es)	248.178	+0.046	060 - 296	248.957	248.060	248.732	-2.9	250.428	-3.6	-	-	-
Spain	(Pta)	209.185	+0.097	073 - 297	209.539	208.889	209.593	-2.9	210.65	-2.8	215.005	-2.8	82.8
Sweden	(SKr)	11.7818	+0.0776	738 - 896	11.7956	11.7137	11.7227	-1.9	11.8353	-1.8	11.9518	-1.4	74.6
Switzerland	(SFr)	2.0236	-0.0005	226 - 245	2.0334	2.0226	2.02	2.4	2.0121	2.3	1.9674	2.8	122.4
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.6
Ecu	-	1.2695	-0.0021	688 - 702	1.2744	1.2699	1.2717	0.0	-	-	1.264	0.4	-
SDR†	-	0.932409	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5701	-0.0065	697 - 705	1.5718	1.5688	-	-	-	-	-	-	-
Brazil	(Cr)	1.3327	+0.0056	309 - 345	1.3345	1.3268	-	-	-	-	-	-	-
Canada	(C\$)	2.2277	-0.0069	265 - 288	2.2364	2.2249	2.2365	-1.0	2.234	-1.1	2.2508	-1.0	83.4
Mexico	(New Peso)	8.6101	+0.2732	695 - 507	8.6697	8.4507	-	-	-	-	-	-	-
USA	(\$)	1.5698	-0.0017	695 - 700	1.5716	1.5683	1.5713	0.2	1.5692	0.2	1.5658	0.3	62.9
Pacific/Middle East/Africa													
Australia	(A\$)	2.0500	-0.0149	490 - 509	2.0509	2.0490	2.0685	-2.1	2.06	-2.0	2.0955	-2.2	-
Hong Kong	(HK\$)	12.1494	-0.0103	467 - 521	12.1634	12.1383	12.1758	-1.6	12.1797	-1.0	12.0747	0.6	-
India	(Rs)	49.2431	-0.0509	313 - 548	49.3010	49.2010	-	-	-	-	-	-	-
Israel	(Shk)	4.7294	+0.001	247 - 340	4.7340	4.7204	-	-	-	-	-	-	-
Japan	(Y)	156.457	+0.211	385 - 529	156.970	156.100	155.706	4.1	154.922	3.9	149.117	4.7	187.9
Malaysia	(M\$)	4.0084	-0.0045	069 - 099	4.0132	4.0048	-	-	-	-	-	-	-
New Zealand	(NZ\$)	2.4438	-0.0123	424 - 451	2.4461	2.4424	2.4618	-2.8	2.4599	-2.6	2.4942	-2.1	-
Philippines	(Peso)	38.6159	-0.1059	312 - 005	38.7005	38.5312	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8875	-0.0069	861 - 888	5.8943	5.8825	-	-	-	-	-	-	-
Singapore	(S\$)	2.2801	-0.0033	789 - 812	2.2842	2.2789	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5626	+0.0098	615 - 657	5.5692	5.5485	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.5381	+0.1106	213 - 548	6.5548	6.4271	-	-	-	-	-	-	-
South Korea	(Won)	1244.03	-3.43	387 - 438	1246.51	1242.72	-	-	-	-	-	-	-
Taiwan	(T\$)	41.2582	-0.0409	457 - 667	41.3009	41.2290	-	-	-	-	-	-	-
Thailand	(Bt)	39.3497	-0.0085	395 - 599	39.3920	39.3160	-	-	-	-	-	-	-

†SDR rates for Jan 18. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 19		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.7750	+0.009	725 - 775	10.8170	10.7725	10.7585	0.8	10.7477	1.0	10.615	1.5	105.2
Belgium	(BFr)	31.5325	-0.0075	270 - 380	31.6350	31.5270	31.525	0.6	31.4775	0.7	31.2075	1.0	106.8
Denmark	(DKr)	6.0335	+0.0015	320 - 350	6.0545	6.0310	6.0317	0.0	6.032	0.1	6.0305	0.0	105.5
Finland	(FM)	4.7376	+0.0116	338 - 413	4.7453	4.7256	4.7242	0.4	4.7336	0.3	4.7251	0.3	83.3
France	(FFr)	5.2933	+0.0058	915 - 950	5.3095	5.2915	5.2966	0.2	5.2902	0.2	5.2743	0.4	106.6
Germany	(DM)	1.5303	+0.0003	300 - 305	1.5376	1.5300	1.5288	0.9	1.5265	1.0	1.5088	1.4	108.4
Greece	(Dr)	238.450	+0.375	400 - 500	239.050	237.930	241.075	-15.1	246.2	-13.0	258.6	-8.5	68.5
Ireland	(I£)	1.5560	+0.0001	552 - 567	1.5580	1.5516	1.5561	-0.1	1.5558	0.1	1.555	0.1	-
Italy	(L)	1612.00	-5.38	100 - 300	1621.25	1610.50	1621.71	-3.2	1623.7	-2.9	1659.5	-2.9	73.1
Luxembourg	(LFr)	31.5325	-0.0075	270 - 380	31.6350	31.5270	31.525	0.6	31.4775	0.7	31.2075	1.0	106.8
Netherlands	(Fl)	1.7156	-0.0014	151 - 161	1.7222	1.7151	1.7161	0.7	1.7118	0.9	1.6926	1.3	106.6
Norway	(NKr)	6.6925	-0.002	910 - 940	6.7236	6.6910	6.6322	0.4	6.6855	0.4	6.6375	0.8	97.0
Portugal	(Es)	158.100	+0.205	050 - 150	158.600	158.050	158.52	-4.7	159.825	-4.4	164.525	-4.1	95.4
Spain	(Pta)	133.260	-0.21	210 - 310	133.450	133.050	133.405	-3.2	134.255	-3.0	137.36	-3.1	78.0
Sweden	(SKr)	7.5055	-0.0577	017 - 093	7.5164	7.4605	7.4615	-2.2	7.543	-2.0	7.6355	-1.7	80.4
Switzerland	(SFr)	1.2891	+0.0011	887 - 895	1.2961	1.2885	1.2957	2.1	1.2824	2.1	1.2564	2.5	107.9
UK	(£)	1.5698	-0.0017	695 - 700	1.5716	1.5683	1.5713	0.2	1.5692	0.2	1.5658	0.3	87.8
Ecu	-	1.2365	+0.0006	360 - 370	1.2370	1.2330	1.2357	0.2	1.2362	0.1	1.2383	-0.1	-
SDR†	-	1.46901	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0002	-0.0031	001 - 003	1.0003	1.0001	-	-	-	-	-	-	-
Brazil	(Cr)	0.8490	+0.0045	480 - 500	0.8500	0.8460	-	-	-	-	-	-	-
Canada	(C\$)	1.4191	-0.0029	185 - 195	1.4235	1.4175	1.4235	-1.3	1.4238	-1.3	1.4379	-1.3	80.0
Mexico	(New Peso)	5.4650	+0.18	600 - 700	5.5100	5.4500	5.3058	-0.2	5.4863	-0.1	5.4876	0.0	-
USA	(\$)	-	-	-	-	-	-	-	-	-	-	-	97.2
Pacific/Middle East/Africa													
Australia	(A\$)	1.3058	-0.0091	055 - 060	1.3095	1.3050	1.3161	-2.0	1.3126	-2.1	1.3381	-2.5	89.4
Hong Kong	(HK\$)	7.7397	+0.0021	392 - 402	7.7402	7.7383	7.7387	-0.2	7.7419	-0.1	7.7467	-0.1	-
India	(Rs)	31.3700	+0.0025	675 - 725	31.3750	31.3675	31.4475	-3.1	31.695	-4.1	-	-	-
Israel	(Shk)	3.0128	-0.004	103 - 153	3.0153	3.0095	-	-	-	-	-	-	-
Japan	(Y)	99.6700	+0.245	400 - 000	100.020	99.4000	99.105	3.9	98.74	3.7	95.265	4.4	148.8
Malaysia	(M\$)	2.5535	-	530 - 540	2.5540	2.5518	2.5515	0.9	2.547	1.0	2.531	0.9	-
New Zealand	(NZ\$)	1.5567	-0.0061	552 - 574	1.5574	1.5552	1.5662	-2.7	1.5602	-2.4	1.5912	-2.2	-
Philippines	(Peso)	24.6000	-0.04	500 - 500	24.6500	24.5500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7506	-0.0002	503 - 508	3.7508	3.7503	3.7534	-0.9	3.7565	-0.6	3.7081	-0.5	-
Singapore	(S\$)	1.4525	-0.0005	520 - 530	1.4548	1.4520	1.4481	4.1	1.4422	2.8	1.4187	2.3	-
S Africa (Com.)	(R)	3.5443	-0.0102	435 - 450	3.5493	3.5345	3.5491	-5.1	3.5903	-5.2	3.7463	-5.7	-
S Africa (Fin.)	(R)	4.1650	+0.075	550 - 750	4.1750	4.0950	4.1175	-8.1	4.2425	-7.4	4.475	-7.4	-
South Korea	(Won)	792.500	-1.2	400 - 600	793.100	792.000	796.3	-4.5	799	-3.3	817.5	-3.2	-
Taiwan	(T\$)	26.2820	+0.0032	795 - 845	26.2855	26.2750	26.2588	-0.9	26.342	-0.9	-	-	-
Thailand	(Bt)	25.0675	+0.0225	650 - 700	25.0800	25.0650	25.08	-0.6	25.094	-0.4	25.12	-0.2	-

†SDR rate for Jan 18. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jan 18. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

January 19	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4¾	5¼	5⅝	5⅞	6⅜	7.40	4.50	-
week ago	4¾	5¼	5¾	5⅞	6⅝	7.40	4.50	-
France	5⅜	5½	5⅞	6⅜	6¾	8.00	-	6.40
week ago	5⅜	5½	5⅞	6⅜	6¾	5.00	-	6.40
Germany	4.80	4.95	5.10	5.30	5.75	6.00	4.50	4.85
week ago	4.88	4.95	5.10	5.30	5.60	6.00	4.50	4.85
Ireland	5⅛	5¾	6¼	6⅝	7¾	-	-	6.25
week ago	5⅛	5¾	6¼	6⅝	7¾	-	-	6.25
Italy	8⅛	8⅝	9⅛	9¾	10⅛	-	7.50	8.20
week ago	8⅛	8⅝	9¼	9¾	10⅝	-	7.50	8.20
Netherlands	4.84	5.08	5.17	5.40	5.90	-	6.25	-
week ago	4.84	5.08	5.18	5.42	5.93	-	5.25	-
Switzerland	3½	3¾	4⅛	4⅜	4⅞	6.625	3.50	-
week ago	3¼	3¾	4	4⅜	4¾	6.625	3.50	-
US	5⅜	5⅝	6⅛	6⅝	7⅛	-	4.75	-
week ago	5⅜	5⅝	6⅛	6¾	7½	-	4.75	-
Japan	2⅛	2⅛	2⅛	2¼	2⅛	-	1.75	-
week ago	2⅛	2⅛	2⅛	2¼	2⅛	-	1.75	-
■ \$ LIBOR FT London								
Interbank Fixing	-	6	6¾	6⅝	7½	-	-	-
week ago	-	6	6¼	6⅝	7⅛	-	-	-
US Dollar CDs	-	5.76	6.17	6.59	7.28	-	-	-
week ago	-	5.78	6.18	6.69	7.45	-	-	-
SDR Linked Ds	-	4.56	4.94	5.25	5.69	-	-	-
week ago	-	4.56	4.94	5.25	5.68	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅝; 3 mths: 6⅛; 6 mths: 6⅝; 1 year: 7⅛. \$ LIBOR interbank fixing rates are offered rates for \$10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US \$ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 19	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4⅞ - 4¾	5 - 4⅞	5¼ - 5⅛	5⅝ - 5½	5⅞ - 5¾	6⅜ - 6¼
Danish Krone	5¼ - 5	6⅛ - 5½	5⅞ - 5⅝	6¼ - 6	6⅝ - 6⅜	7⅜ - 7⅛
D-Mark	4⅞ - 4¾	4⅞ - 4¾	4⅞ - 4¾	5⅛ - 5	5⅜ - 5¼	5⅞ - 5¾
Dutch Guilder	5⅛ - 5	5⅛ - 5	5⅛ - 5⅛	5⅛ - 5⅛	5⅝ - 5⅜	6 - 5⅞
French Franc	5⅜ - 5¼	5⅜ - 5¼	5½ - 5⅜	5⅞ - 5¾	6⅜ - 6¼	6⅞ - 6¾
Portuguese Esc.	8¾ - 8½	8⅞ - 8⅝	9⅛ - 9⅞	10½ - 10¼	11⅛ - 10⅞	11¾ - 11½
Spanish Peseta	7⅞ - 7⅝	8⅛ - 7⅞	8⅜ - 8⅛	8⅞ - 8⅝	9⅜ - 9⅛	10⅜ - 10⅛
Sterling	6 - 5⅞	6 - 5⅞	6⅛ - 6⅛	6⅝ - 6⅜	7⅛ - 7	7⅞ - 7⅝
Swiss Franc	3⅞ - 3⅝	3⅞ - 3⅝	3⅞ - 3⅝	4⅛ - 3⅞	4⅜ - 4⅛	4⅞ - 4½
Can. Dollar	7¼ - 7	7⅛ - 7¼	7⅛ - 7⅞	8⅛ - 7⅞	8⅜ - 8⅛	9 - 8⅞
US Dollar	5⅝ - 5½	5⅞ - 5⅝	6 - 5⅞	6⅜ - 6¼	6⅞ - 6¾	7½ - 7⅜
Italian Lira	9 - 7½	8½ - 8⅜	8⅞ - 8⅝	9⅛ - 9⅜	9⅞ - 9⅝	10⅜ - 10⅛
Yen	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2⅛	2⅜ - 2⅛	2⅝ - 2½
Asian \$Sing	3⅞ - 3⅝	4⅛ - 4⅛	3⅞ - 3½	4⅜ - 4⅛	4⅝ - 4⅜	4⅞ - 4⅝

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.77	93.80	+0.06	93.82	93.74	36,890	50,052
Jun	93.28	93.31	+0.08	93.34	93.23	32,743	54,219
Sep	92.93	92.97	+0.04	93.01	92.91	12,531	33,848
Dec	92.68	92.67	-0.02	92.72	92.62	5,812	19,894

■ **THREE MONTH EURODOLLAR** (LIFFE)* \$1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		93.17	-0.03			0	1402
Jun		92.48	0.01			0	613
Sep		92.08	-0.03			0	177
Dec		91.82	-0.04			0	9

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.69	94.67	-0.01	94.71	94.64	46606	197025
Jun	94.24	94.22	-	94.25	94.18	32994	151827
Sep	93.84	93.81	-0.01	93.85	93.77	15599	91876
Dec	93.44	93.40	-0.02	93.44	93.38	10585	85438

■ **THREE MONTH EUROLIRA INT. RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	90.30	90.27	+0.05	90.35	90.20	11179	38657
Jun	89.74	89.88	+0.06	89.77	89.66	4348	21398
Sep	89.39	89.33	+0.05	89.41	89.30	1964	17828
Dec	89.15	89.08	+0.03	89.17	89.08	930	15428

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.70	95.68	-0.02	95.70	95.62	4444	21223
Jun	95.37	95.34	-0.03	95.37	95.31	1757	10093
Sep	95.05	95.06	-0.03	95.06	95.03	271	5515
Dec	94.85	94.82	-0.03	94.85	94.80	140	3495

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.45	93.44	-	93.47	93.41	2690	8203
Jun	92.96	92.94	-	92.97	92.92	1347	6173
Sep	92.54	92.53	0.01	92.56	92.50	614	3001
Dec	92.17	92.14	0.02	92.17	92.10	137	1811

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 19		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C\$	\$	Y	Ecu
Belgium	(BFr)	100	19.14	16.79	4.854	2.039	5112	5.442	21.24	501.5	422.7	23.80	4.090	2.021	4.500	3.170	316.0	2.564
Denmark	(DKr)	52.25	10	8.773	2.536	1.065	2671	2.843	11.10	262.1	220.9	12.44	2.137	1.056	2.351	1.657	165.1	1.340
France	(FFr)	59.56	11.40	10	2.891	1.214	3045	3.241	12.65	298.7	251.8	14.18	2.436	1.204	2.680	1.888	188.2	1.527
Germany	(DM)	20.60	3.943	3.459	1	0.420	1053	1.121	4.376	103.3	87.09	4.904	0.843	0.416	0.927	0.653	65.11	0.528
Ireland	(I£)	49.05	9.387	8.235	2.381	1	2507	2.669	10.42	246.0	207.3	11.67	2.006	0.991	2.207	1.555	155.0	1.258
Italy	(L)	1.956	0.374	0.328	0.095	0.040	100.	0.106	0.415	9.810	8.269	0.466	0.080	0.040	0.088	0.062	6.182	0.050
Netherlands	(Fl)	18.38	3.517	3.085	0.892	0.375	939.5	1	3.903	92.16	77.68	4.374	0.752	0.371	0.827	0.583	58.08	0.471
Norway	(NKr)	47.09	9.011	7.906	2.285	0.960	2407	2.562	10	236.2	199.0	11.21	1.926	0.951	2.119	1.493	148.8	1.207
Portugal	(Es)	19.94	3.816	3.348	0.968	0.407	1019	1.085	4.234	100.	84.29	4.746	0.815	0.403	0.897	0.632	63.01	0.511
Spain	(Pta)	23.66	4.527	3.972	1.148	0.482	1209	1.287	5.024	118.6	100.	5.631	0.967	0.478	1.065	0.750	74.78	0.607
Sweden	(SKr)	42.01	8.040	7.053	2.039	0.857	2148	2.286	8.922	210.7	177.6	10	1.718	0.849	1.890	1.332	132.8	1.077
Switzerland	(SFr)	24.45	4.679	4.105	1.187	0.499	1250	1.331	5.193	122.6	103.4	5.820	1	0.494	1.100	0.775	77.27	0.627
UK	(£)	49.49	9.471	8.309	2.402	1.009	2530	2.693	10.51	248.2	209.2	11.78	2.024	1	2.227	1.569	156.4	1.269
Canada	(C\$)	22.22	4.253	3.731	1.079	0.453	1136	1.209	4.719	111.5	93.94	5.290	0.909	0.449	1	0.705	70.23	0.570
US	(\$)	31.54	6.036	5.296	1.531	0.643	1612	1.716	6.699	158.2	133.3	7.508	1.290	0.637	1.419	1	99.68	0.809
Japan	(Y)	31.64	6.056	5.313	1.536	0.645	1618	1.722	6.720	158.7	133.8	7.532	1.294	0.639	1.424	1.003	100.	0.811
Ecu		39.00	7.463	6.548	1.893	0.795	1994	2.122	8.282	195.6	164.9	9.283	1.595	0.788	1.755	1.236	123.2	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6522	0.6530	+0.0004	0.6537	0.6520	32,231	78,312
Jun	0.6553	0.6551	-0.0001	0.6556	0.6551	348	2,281
Sep	-	0.6582	-0.0001	-	-	1	149

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.0092	1.0068	-0.0019	1.0112	1.0052	27,840	76,105
Jun	1.0208	1.0188	-0.0027	1.0215	1.0175	489	8,203
Sep	-	1.0341	-0.0063	-	-	146	404

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.7770	0.7755	-0.0012	0.7778	0.7740	22,580	38,144
Jun	0.7806	0.7803	-0.0019	0.7810	0.7799	311	1,120
Sep	0.7857	0.7857	-0.0012	0.7857	0.7857	1	65

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.5700	1.5690	-0.0006	1.5700	1.5682	9,602	37,441
Jun	-	1.5670	+0.0038	1.5700	1.5670	19	1,283
Sep	-	1.5682	+0.0038	-	-	5	4

UK INTEREST RATES

LONDON MONEY RATES

Jan 19	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7⅝ - 5	6¼ - 6	6¼ - 6⅛	6⅜ - 6¼	6⅞ - 6¾	7¼ - 7⅜
Sterling CDs	-	-	6⅛ - 6	6⅝ - 6⅛	7 - 6⅞	7⅞ - 7⅝
Treasury Bills	-	-	5⅞ - 5⅞	6¼ - 6⅛	-	-
Bank Bills	-	-	6⅛ - 5⅞	6½ - 6⅜	6⅞ - 6⅞	-
Local authority deps.	6⅛ - 6⅛	5⅞ - 5⅞	6⅛ - 5⅞	6½ - 6⅜	6⅞ - 6⅞	7⅞ - 7⅝
Discount Market deps	7¼ - 6½	6⅛ - 6⅛	-	-	-	-

UK clearing bank base lending rate 6¼ per cent from December 7, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2	2½	5¼	5½	5¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount 5.8155pc. ECGD fixed rate Stlg. Export Finance. Make up day Dec 30, 1994. Agreed rate for period Jan 25, 1995 to Feb 25, 1995, Schemes II & III 7.71pc. Reference rate for period Dec 1, 1994 to Dec 30, 1994, Schemes IV & V 6.402pc. Finance House Base Rate 6½pc from Jan 1, 1995

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.84	92.82	-0.02	92.85	92.77	23643	94625
Jun	92.09	92.07	-0.02	92.10	91.99	23292	71503
Sep	91.60	91.57	-0.03	91.60	91.47	8409	59074
Dec	91.29	91.26	-0.03	91.29	91.21	3669	46226

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9275	0.21	0.10	0.09	0.14	0.78	1.27
9300	0.08	0.06	0.06	0.27	0.99	1.49
9325	0.03	0.03	0.03	0.46	1.21	1.71

Est. vol. total, Calls 11734 Puts 6607. Previous day's open int., Calls 108767 Puts 108248

EMS EUROPEAN CURRENCY UNIT RATES

Jan 19	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.13140	+0.00231	-2.97	10.34	-
Belgium	40.2123	39.1545	+0.0131	-2.63	9.95	19
Germany	1.94964	1.90120	+0.00259	-2.48	9.79	-
Austria	13.7167	13.3759	+0.01780	-2.48	9.79	-
Ireland	0.808628	0.797174	-0.000217	-1.42	8.60	10
France	6.53883	6.56653	+0.00067	0.42	6.61	-4
Denmark	7.43679	7.48584	-0.00166	0.66	6.36	-5
Portugal	192.854	196.191	+0.111	1.73	5.24	-12
Spain	154.250	165.142	-0.118	7.06	0.00	-49
NON ERM MEMBERS						
Greece	264.513	295.754	+0.346	11.81	-4.25	-
Italy	1793.19	1996.78	-14.23	11.35	-3.85	-
UK	0.786749	0.789403	-0.000292	0.34	6.70	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/\$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	PUTS Feb	PUTS Mar	PUTS Apr
1.500	6.87	6.98	7.26	-	0.14	0.48
1.525	4.49	4.82	5.30	0.08	0.45	0.98
1.550	2.44	2.98	3.62	0.46	1.09	1.77
1.575	0.97	1.65	2.35	1.49	2.19	2.86
1.600	0.27	0.79	1.42	3.24	3.76	4.39
1.625	0.08	0.32	0.79	5.48	5.76	6.22

Previous day's vol., Calls 2,693 Puts 3,725 . Prev. day's open int., Calls 215,728 Puts 250,550

■ **THREE MONTH EURODOLLAR** (IMM) \$1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	93.19	93.14	-0.06	93.20	93.12	100,579	427,644
Jun	92.47	92.41	-0.06	92.48	92.39	155,266	373,964
Sep	92.07	92.04	-0.06	92.10	92.03	70,233	276,773

■ **US TREASURY BILL FUTURES** (IMM) \$1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	93.81	93.80	-0.05	93.81	93.78	1,385	12,770
Jun	93.05	93.05	-0.06	93.05	93.04	1,301	6,468
Sep	92.69	92.69	-0.05	92.69	92.69	640	2,848

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Apr	PUTS Jun
9450	0.20	0.23	0.08	0.12	0.03	0.06	0.36	0.40
9475	0.04	0.08	0.03	0.05	0.12	0.16	0.56	0.58
9500	0.01	0.02	0.01	0.02	0.34	0.35	0.79	0.80

Est. vol. total, Calls 10445 Puts 12898. Previous day's open int., Calls 150171 Puts 200521

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9550	0.22	0.16	0.14	0.04	0.32	0.58
9575	0.09	0.08	0.07	0.16	0.49	0.76
9600	0.02	0.04	0.03	0.34	0.70	0.97

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1695 Puts 1915

BASE LENDING RATES

	%		%		%
Adam & Company	6.25	Duncan Lawrie	6.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	9
Allied Trust Bank	6.25	Exeter Bank Limited	7.25	Royal Bk of Scotland	6.25
AIB Bank	6.25	Financial & Gen Bank	6.5	Singer & Friedlander	6.25
●Henry Ansbacher	6.25	●Robert Fleming & Co	6.25	●Smith & Williamson Secs.	6.25
Bank of Baroda	6.25	Girobank	6.25	TSB	6.25
Banco Bilbao Vizcaya	6.25	●Guinness Mahon	6.25	●United Bk of Kuwait	6.25
Bank of Cyprus	6.25	Habib Bank AG Zurich	6.25	Unity Trust Bank Plc	6.25
Bank of Ireland	6.25	●Hambros Bank	6.25	Western Trust	6.25
Bank of India	6.25	Heritable & Gen Inv Bk.	6.25	Whiteaway Laidlaw	6.25
Bank of Scotland	6.25	●Hill Samuel	6.25	Yorkshire Bank	6.25
Barclays Bank	6.25	C. Hoare & Co	6.25		
Brit Bk of Mid East	6.25	Hongkong & Shanghai	6.25		
●Brown Shipley & Co Ltd	6.25	Julian Hodge Bank	6.25		
Citibank NA	6.25	●Leopold Joseph & Sons	6.25		
Clydesdale Bank	6.25	Lloyds Bank	6.25	● Members of London Investment Banking Association	
The Co-operative Bank	6.25	Meghraj Bank Ltd	6.25	* In administration	
Coutts & Co	6.25	Midland Bank	6.25		
Crédit Lyonnais	6.25	* Mount Banking	6.25		
Cyprus Popular Bank	6.25	NatWestminster	6.25		
		●Rea Brothers	6.25		

INTERNATIONAL CAPITAL MARKETS

EIB brings rare ultra-long sterling deal

By Martin Brice

The European Investment Bank paid a rare visit to the long end of the euro-sterling market yesterday, with a £500m issue due in 2017 that may set a benchmark for ultra-long sterling bonds.

INTERNATIONAL BONDS

The deal was brought by HSBC Markets with an 8¾ per cent coupon and a spread of 28 basis points over the 8¾ gilt. Both bonds share the same maturity and coupon, which encouraged investors to switch out of the gilt into the EIB bonds to pick up 28 basis points of yield.

This was the EIB's first issue of sterling bonds with a maturity beyond 10 years, and the biggest euro-sterling issue for a year.

HSBC said it was "absolutely delighted" with the response to the deal, which it described as "a unique piece of business". Sales were made inside and outside the UK. The bonds held their spread when freed to trade.

It is believed the proceeds were not swapped, and the prohibitive cost of swapping out of sterling assets beyond 10 years means longer-dated sterling bonds are unlikely to be issued by a borrower of the quality of the EIB, which is rated AAA.

Province de Quebec issued DM1bn of floating-rate bonds via joint books Merrill Lynch in Frankfurt and Commerzbank. This was the Province's first D-Mark issue since 1986.

The five-year bonds had a coupon of three-month Libor plus 25 basis points, and were issued at a price of 99.70, which Commerzbank said gave a return to the investor of Libor plus 32 basis points.

The floating-rate sector also saw two issues with calls yesterday. The larger was for Générale Finance Luxembourg, which brought $200m of undated bonds through Merrill Lynch. Although undated, the bonds have a call at seven years after which the coupon rises from three-month Libor plus 62¼ basis points to Libor plus 225 basis points.

Bradford & Bingley Building Society raised £100m with a five-year floater at three-month Libor plus 12 basis points via Lehman Brothers. The bonds are callable after four years.

Philips Electronics, the Dutch consumer electronics group returned to the guilder sector for the first time in 10 years.

It brought Fl 300m of 10-year bonds with a coupon of 8¼ per cent via ABN Amro, which said the deal was sold within moments. Demand was from Dutch, Swiss and German institutions and the bonds, which were issued at a spread of 70 basis points over the government bond, tightened in to 68 when freed to trade.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
GECC	300	8.00	99.57R	Jan.2000	0.25R	+20(WI 5yr)	Swiss Bank Corp.
Gen Finance Luxembourg(a)‡	200	(a1)	98.675R	undated	1.00R	-	Merrill Lynch International
Crédit Local de France(b)	100	8.125	100.40R	Jan.1998	0.1875R	+17(7¾%-97)	Swiss Bank Corp.
STERLING							
European Investment Bank(c)	500	8.75	97.832R	Aug.2017	0.50R	+28(8¾%-17)	HSBC Markets
Bradford & Bingley B/S(d)‡	100	(d1)	100.00R	Feb.2000	0.15R	-	Lehman Brothers Intl.
D-MARKS							
Province de Quebec‡	1bn	(e)	99.70R	Feb.2000	0.15R	-	Commerzbank/Merrill Lynch
SWISS FRANCS							
World Bank	200	5.375	102.80	Feb.2000	1.75	-	UBS
GUILDERS							
Philips Electronics	300	8.25	99.15R	Feb.2005	0.425R	+70(7¼%-04)	ABN Amro Bank

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer price; fees shown at re-offer level. a) Callable on any coupon date from Feb.02 at par. a1) 3-mth Libor +62½bp to Feb.02 and +225bp thereafter. b) Issue launched on 3/1/95 was increased to $400m. c) Short 1st coupon. d) Callable on any coupon date from Feb.99 at par. d1) 3-mth Libor +⅛%. e) 3-mth Libor +25bp.

Brady bonds resume slide after brief reprieve

By Richard Lapper

Brady bonds yesterday resumed their downward slide, with prices of Mexican paper falling by about 2 per cent in trading in London.

Widely-traded Mexican par bonds fell by one and half cents to close at $0.52, while discount bonds lost just over two cents to close at $0.6825, according to Morgan Grenfell Emerging Markets.

Bradys – bonds issued by the government in exchange for restructured commercial bank debt – have fallen sharply since Mexico's devaluation last month. But last week, after a particularly sharp fall on Monday and Tuesday, the paper regained some of the lost ground.

The J.P. Morgan Emerging Market Bond Index – which measures total returns – shows that Bradys rose by 17.8 per cent between January 11 and 16. Analysts suggest that the interruption in this rally in the last two days partially reflects concern about the viability of the package of US government loan guarantees.

"The US package is facing more problems than people first thought," said Ms Ingrid Iversen, senior economist at Morgan Grenfell Emerging Markets. In addition, traders have opted to take profits on the back of recent strength, she said.

Since the devaluation, the price of Mexican Bradys has fallen by some 18 per cent, according to Morgan Grenfell. Bonds issued by Argentina, which have declined by some 15 per cent in price, are the next most badly hit.

Ms Iversen expects recent volatility to continue to be a feature of the market.

MTRC launches note programme

By Louise Lucas in Hong Kong

The Mass Transit Railway Corporation (MTRC) yesterday signed a HK$10bn note issuance programme, under which notes will have maturities of up to 10 years.

Government bonds currently have a maximum maturity of five years, and the issuance by MTRC – a quasi governmental body – is expected to stimulate the corporate bond market by extending the benchmark yield curve of Hong Kong dollar debt.

The programme will mirror the Hong Kong Monetary Authority's (HKMA) Exchange Fund programme and will, uniquely, have the HKMA as arranger, custodian and agent.

This is the third boost to the government debt market in less than a year. Last July, the HKMA, the colony's equivalent of a central bank, offered HK$500m of three-year notes that mature after the June 1997 handover. In September the first issue of five-year notes was launched in two tranches of HK$500m each.

Mr Joseph Yam, chief executive of the HKMA, called the MTRC programme "another milestone in the development of Hong Kong's debt market".

As with four issues last year, the MTRC notes will be eligible for discounting under the HKMA's Liquidity Adjustment Facility, which means investors can use the paper as a repo to borrow funds.

Individual issues by Hong-Kong Bank, Wharf (Holdings), Sun Hung Kai Properties and Standard Chartered also qualify.

The MTRC issue will be sold in Hong Kong. The first issue of HK$500m will have a maturity of five or seven years and is scheduled for launch in February or March, subject to market conditions. Notes will be issued with a denomination of HK$50,000 in a bid to expand the investor base for this type of paper in Hong Kong.

Market-making arrangements, which put the MTRC notes in line with exchange fund paper, are expected to boost liquidity of the notes. With exchange fund paper, market makers must quote two-way prices and are allowed to short any issues by either lender provided their positions can be covered through repo transactions with the HKMA at the end of the day.

Treasuries fall as trade deficit widens to $10.5bn

By Lisa Bransten in New York and Richard Lapper in London

Indications that the economy may be slowing helped push US Treasury prices off early lows yesterday morning, but were not enough to boost them into positive territory.

At midday, the benchmark 30-year Treasury was down ⅛ at 96$\frac{21}{32}$, to yield 7.783 per cent.

At the short end of the market, the two-year note was down $\frac{1}{32}$ at 100$\frac{1}{32}$, yielding 7.462 per cent.

In early morning trading, the long bond fell nearly a quarter of a point after the Commerce Department put the trade deficit at a higher-than-expected $10.5bn for November, compared with $10.1bn in October. Economists expected the figure to be closer to $9.9bn.

The widening trade deficit caused investors to worry about the strength of the dollar if the trend holds and companies and individuals seek foreign currencies to finance international purchases.

GOVERNMENT BONDS

A weak dollar could hurt bonds if it reduces foreign demand for US securities.

In New York trading, the dollar edged lower against the D-Mark while holding fairly steady against the Japanese yen.

Signs of slowing manufacturing growth in the north-east, however, helped the long bond price push briefly positive later in the morning, but that level proved short-lived.

A survey of companies in the region released by the Federal Reserve Bank of Philadelphia showed business activity grew 10.4 per cent in January, compared with 28.9 per cent in December.

Embedded in the weak manufacturing figure, however, was a jump in the prices-paid component of the business outlook index.

That segment rose to 55.0 per cent from 39.1 per cent in December, leading many to hold to their assumptions that the Federal Reserve will raise interest rates again at the January 31 meeting of its open market committee.

■ European government bond markets were directionless yesterday and prices closed near Wednesday's levels in thin trading.

■ In Germany the March 10-year bund future on Liffe fell early in the day but in late trading rose to close at 89.74, 0.06 points down.

Rumours that the Bundesbank would cut its discount rate by 0.25 percentage points provided a focus for traders, but the central bank council at its fortnightly meeting opted to leave rates unchanged.

Traders are now awaiting the release of M3 money supply figures either today or on Monday.

■ Gilts fell early in the day but recovered in afternoon trading. The March 10-year long gilt futures contract closed up $\frac{1}{32}$ at 101$\frac{7}{32}$.

Gilts' yield spread over equivalent German paper was unchanged at 131 basis points.

■ The French March notionnel bond contract on Matif closed 0.24 points down at 110.88. The yield spread of 10-year French paper over German bunds widened by six basis points to 67 basis points, reversing the spread narrowing seen earlier in the week.

■ Political uncertainty again led to volatility in Italian bond prices.

With the prospects for Mr Lamberto Dini's government still no clearer, the March 10-year future on Liffe closed only 0.01 point up at 99.39.

In Spain, the 10-year future rose by 0.07 points to close at 83.83.

Montreal Exchange trades in five-year bond futures

By Robert Gibbens in Montreal

The Montreal Exchange, building on its lead in Canadian financial derivatives, yesterday began trading five-year Government of Canada bond futures contracts, bearing C$100,000 face value and a 9 per cent coupon.

The five-year contract is aimed at mid-term risk management markets and is in addition to the 10-year Canada bond futures contracts, which have been a big success for the ME.

Last year, the 10-year futures reached a new peak with nearly 1.5m negotiated contracts, up 67 per cent from 1993. The three-month Canadian bankers acceptance futures totalled nearly 2m contracts, up 165 per cent.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	91.8600	−0.340	10.35	10.30	10.32
Austria		7.625	10/04	99.3200	−0.080	7.72	7.78	7.64
Belgium		7.750	10/04	95.3300	−0.080	8.46	8.48	8.27
Canada *		9.000	12/04	97.1000	+0.250	9.46	9.45	9.05
Denmark		7.000	12/04	87.1500	–	9.01	9.11	8.66
France	BTAN	8.000	05/98	101.0300	−0.040	7.60	7.78	7.27
	OAT	7.500	04/05	95.4600	−0.200	8.16	8.28	7.96
Germany Bund		7.375	01/05	99.0100	−0.060	7.52	7.59	7.43
Ireland		6.250	10/04	82.6500	+0.050	8.76†	8.78	8.74
Italy		8.500	08/04	80.8300	+0.510	11.92	12.16	11.71
Japan	No 119	4.800	06/99	103.5260	–	3.87	3.87	3.90
	No 164	4.100	12/03	96.3240	−0.120	4.69	4.61	4.65
Netherlands		7.250	10/04	97.0800	−0.060	7.68	7.72	7.52
Portugal		8.875	01/04	83.5000	–	11.64	11.64	11.64
Spain		10.000	02/05	88.7600	+0.100	11.80	12.06	11.19
Sweden		6.000	02/05	70.5290	−0.280	10.99	11.24	10.81
UK Gilts		6.000	08/99	90–12	–	8.60	8.61	8.47
		6.750	11/04	87–17	–	8.66	8.69	8.53
		9.000	10/08	102–29	+1/32	8.63	8.66	8.51
US Treasury *		7.875	11/04	101–02	−2/32	7.71	7.82	7.84
		7.500	11/24	96–23	−3/32	7.78	7.89	8.14
ECU (French Govt)		6.000	04/04	83.8200	−0.150	8.60	8.72	8.60

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
		One month	5.17	Two year	7.50
Prime rate	8½	Two month	5.53	Three year	7.66
Broker loan rate	6½	Three month	5.88	Five year	7.73
Fed.funds	5½	Six month	6.48	10-year	7.72
Fed.funds at intervention	-	One year	7.05	30-year	7.79

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	111.12	110.88	-0.24	111.18	110.68	161,304	132,097
Jun	110.34	110.06	-0.28	110.34	110.00	698	4,320
Sep	109.72	109.44	-0.28	109.72	109.72	2	1,567

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Feb	Calls Mar	Calls Jun	Puts Feb	Puts Mar	Puts Jun
109	-	2.20	-	0.02	0.33	-
110	0.94	1.39	1.69	0.09	0.58	1.58
111	0.28	0.82	-	0.40	0.98	-
112	0.04	0.40	0.81	-	-	-
113	-	0.17	-	-	2.26	-

Est. vol. total, Calls 12,468 Puts 27,425. Previous day's open int., Calls 188,731 Puts 164,603.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	89.76	89.74	-0.06	89.91	89.58	107007	192179
Jun	89.30	89.17	-0.06	89.30	89.07	398	4761

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
8950	0.39	0.76	0.69	0.99	0.15	0.52	1.02	1.32
9000	0.14	0.50	0.49	0.77	0.40	0.76	1.32	1.60
9050	0.04	0.32	0.34	0.60	0.80	1.08	1.67	1.93

Est. vol. total, Calls 10675 Puts 10780. Previous day's open int., Calls 204609 Puts 130812

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	99.50	99.39	+0.01	99.83	99.24	31419	47807
Jun		98.54	+0.01			0	55

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
9900	1.37	2.12	0.98	2.58
9950	1.12	1.90	1.23	2.86
10000	0.88	1.70	1.49	3.16

Est. vol. total, Calls 1305 Puts 1940. Previous day's open int., Calls 21416 Puts 20907

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	83.90	83.83	+0.07	83.99	83.75	45,230	51,672
Jun		82.61				-	100

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	101-07	101-07	0-01	101-12	100-30	47333	90658
Jun	101-13	101-13	0-04	101-13	101-13	25	540

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
101	1-06	2-14	0-56	1-52
102	0-39	1-45	1-25	2-19
103	0-19	1-17	2-05	2-55

Est. vol. total, Calls 3635 Puts 1495. Previous day's open int., Calls 37428 Puts 41083

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	81.06	80.86	-0.20	81.12	80.74	3,099	6,826
Jun	-	80.60	-0.20	-	-	-	1

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	100-12	100-07	-0-04	100-013	100-00	327,999	364,548
Jun	100-00	99-25	-0-04	100-00	99-20	3,780	19,011
Sep	99-12	99-12	-	99-12	99-12	54	1,485

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	108.18			108.18	108.07	1945	0

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Jan 19	Day's change %	Wed Jan 18	Accrued interest	xd adj. ytd	
1 Up to 5 years (23)	118.73	−0.02	118.75	1.65	0.90	
2 5-15 years (22)	139.92	+0.04	139.85	2.81	0.00	
3 Over 15 years (8)	153.97	+0.09	155.48	0.73	2.83	
4 Irredeemables (6)	176.87	+0.31	176.33	1.99	0.00	
5 All stocks (59)	136.31	−0.03	136.50	2.11	0.75	
Index-linked						
6 Up to 5 years (2)	188.13	+0.01	188.11	1.52	0.00	
7 Over 5 years (11)	173.21	+0.01	173.20	0.43	0.59	
8 All stocks (13)	173.86	+0.01	173.84	0.53	0.53	

Yields	Low coupon Jan 19	Low coupon Jan 18	Low coupon Yr. ago	Medium coupon Jan 19	Medium coupon Jan 18	Medium coupon Yr. ago	High coupon Jan 19	High coupon Jan 18	High coupon Yr. ago
5 yrs	8.67	8.66	5.60	8.66	8.67	5.83	8.68	8.83	5.94
15 yrs	8.54	8.54	6.30	8.67	8.67	6.39	8.89	8.90	6.63
20 yrs	8.51	8.51	6.41	8.67	8.67	6.42	8.83	8.83	6.65
Irred.†	8.55	8.58	6.53						

Index-linked	Inflation 5% Jan 19	Inflation 5% Jan 18	Inflation 5% Yr. ago	Inflation 10% Jan 19	Inflation 10% Jan 18	Inflation 10% Yr. ago
Up to 5 yrs	4.08	4.08	2.14	2.73	2.72	1.23
Over 5 yrs	3.90	3.90	2.88	3.70	3.70	2.70

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date

FT FIXED INTEREST INDICES

	Jan 19	Jan 18	Jan 17	Jan 16	Jan 13	Yr ago	High*	Low*
Govt. Secs. (UK)	90.80	90.91	91.07	90.97	91.12	106.98	107.04	89.54
Fixed Interest	109.30	109.35	109.34	109.25	109.25	133.78	233.87	106.50

* for 1994/5. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Jan 18	Jan 17	Jan 16	Jan 13	Jan 12
Gilt Edged bargains	87.3	88.5	91.0	80.4	78.7
5-day average	85.1	84.9	85.0	84.2	83.7

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or –	1994/95 High	1994/95 Low
Shorts" (Lives up to Five Years)						
Exch 3pc Gas 1990-95	3.03	6.34	99$\frac{1}{32}$	——	103¼	97¾
10¼pc 1995	10.07	6.71	101$\frac{25}{32}$xd	——	107$\frac{13}{32}$	101$\frac{11}{32}$
Treas 12¾pc 1995‡‡	12.18	6.78	104$\frac{23}{32}$	−$\frac{1}{32}$	113⅝	104$\frac{23}{32}$
[illegible]						

Notes	Yield Int	Yield Red	Price £	+ or –	1994/95 High	1994/95 Low
Conversion 9½pc 2004	9.07	8.75	104$\frac{23}{32}$	+$\frac{1}{32}$	125$\frac{7}{16}$	101$\frac{11}{16}$
Treas 6¾pc 2004‡‡	7.72	8.65	87$\frac{15}{32}$	——	105¼	84$\frac{23}{32}$
8½pc 2005	8.59	8.63	98$\frac{29}{32}$	——	100$\frac{23}{32}$	97
Conv 9½pc 2005	9.04	8.72	105$\frac{1}{32}$	+$\frac{1}{32}$	125½	102⅛
[illegible]						

Index-Linked

	Notes (b)	Yield (1)	Yield (2)	Price £	+ or –	1994/95 High	1994/95 Low
2pc '96	(67.9)	2.67	4.10	201⅞	——	203⅝	197$\frac{23}{32}$
4⅝pc '98‡‡	(135.6)	3.08	3.88	106$\frac{13}{32}$	——	113½	106$\frac{7}{16}$
2½pc '01	(78.3)	3.50	3.90	166$\frac{7}{16}$	——	176⅞	163½
[illegible]							

Other Fixed Interest

[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on January 19

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	88⅝	88⅞	−⅛	8.45
Alberta Province 7⅝ 98	1000	98⅛	98⅝		8.12
Austria 8½ 00	400	101½	101⅞	−⅛	8.12
Bank Ned Gemeenten 7 99	1000	95⅛	98⅜	−⅛	8.02
[illegible]					
United Kingdom 7¼ 97	5500	100¾	101	+⅛	6.80
Volkswagen Intl Fin 7 03	1000	94½	95	+⅛	7.91
World Bank 0 15	2000	22¼	22⅜	+¼	7.45
World Bank 5⅞ 03	3000	88½	88⅝	+⅛	7.72
World Bank 8¾ 00	1250	111¾	112¼	+1⅛	6.06
[illegible]					
Abbey Natl Treasury 8 03 £	1000	91⅞	92⅛		9.46
Alliance Leics 11⅛ 97 £	100	104⅞	105¼	−⅛	8.89
British Land 8⅞ 23 £	150	89	89⅜		10.30
Denmark 6⅜ 98 £	800	93⅛	93⅝		9.26
EIB 10 97 £	637	102⅝	103	−⅛	8.53
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cn 2nd Prf.		97½	+½	117	88¼	12.2	10.3	-
9¼pc Non-Cum Prf		117¼	—	137½	107	46.9	10.4	-
Cater Allen	‡†N□	454	—	*639¼	443	148.0	7.8	8.4
Close Bros	‡N	228	-3	*280½	203	208.4	4.3	9.9
Gerrard & Nat.	‡†N□	408	—	515	385	237.7	8.1	14.1
Hambros	‡N□	249	-1	473	209	438.5	7.5	15.3
7½pc Cv Pf		111	—	191	89½	143.0	8.4	-
Joseph (L)	‡†N	393	—	443	393	28.8	5.8	11.4
King & Shaxson	‡N	102	-1	170	102	17.7	11.0	10.1
Kleinwort Benson	‡†N□	578	+2	683	424	771.1	4.2	10.2
Rea Bros	‡†N□	66	—	79	53	27.4	1.8	18.5
Schroders	‡†N□	1435	-8	1674	1050	1,435	1.6	13.1
N/V	†N	1310	-5	1486	1043	378.9	1.8	12.0
Singer & Fried.	‡†N□	85½	—	114	75	168.0	4.8	11.0
Union	‡†N□	89	—	*188	87	23.7	6.3	8.2
Warburg (SG)	‡N□	745	+8	1012	569	1,639	3.7	13.6
Wintrust	‡N	235	—	290	203	18.3	6.0	14.4

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

INVESTMENT COMPANIES - Cont.

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

FOR MERCHANT BANKS SEE BANKS, MERCHANT

OIL EXPLORATION & PRODUCTION

[illegible]

OIL EXPLORATION & PRODUCTION - Cont.

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

TVK Gold ♥	420¾p	+12½	490½p	338¾p	868.1	–	
Toronto-Dom	9⅞xd	–⅛	11⅛	9⅛	2,737	4.3	
Trans Can Pipe ♥	7⅞	+⅛	10⅞	7⅞	1,392	4.9	

SOUTH AFRICANS

	Notes	Price	+ or –	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£31		£34	£13½	2,022	2.4	22.7
Barlow	♣	£4⅞	–⅛	£5⅛	£3⅞	993.1	2.0	17.6
Gold Flds Prop R		138xd		152	75	14.2	7.8	ф
NK Props		87½		96	65	3.52	13.8	–
SASOL	♥	478	+4	582	390	2,711	3.0	–
SA Brews	†	£14⅛	–⅛	£16⅞	£10	3,910	2.1	21.9
Tiger Oats		750		838	538	1,138	2.0	17.5
Tongaat-Hulett	†h	701		*725	356¼	638.9	2.1	20.3

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system
- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ф Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield: p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95
G Assumed yield after pending scrip and/or rights issue
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
N Figures based on IBM "Headline Earnings"
P Figures based on prospectus or other official estimates for 1994
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all,
xf ex capital distribution.

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FT Cityline

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An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International). for more information on FT Cityline.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

Lazard Freres Asset Management (CI) Ltd

PO Box 275, St Peter Port, Guernsey, CI 0481 710461

Lazard Fund Mngrs (Channel Islands) Ltd

PO Box 275, St. Peter Port, Guernsey, C.I. 0481 710461

Lazard Freres Asset Management (CI) Ltd

Lloyds Bank Fund Managers (Guernsey) Ltd

Austro-Hungary Fund Limited

NAV Jan 16 98.94

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate worries bear down on share prices

By Terry Byland, UK Stock Market Editor

Share prices fell away sharply in London yesterday following economic news on both sides of the Atlantic which deepened fears that interest rates are set to rise soon. The setback in the UK market quickened towards the close when Wall Street showed an early fall of 26.6 Dow points and London suffered the repercussions of a large portfolio trade by Goldman Sachs, the New York investment bank.

The downward trend was set at the market opening with the UK December retail sales figures showing an unexpectedly large gain of 0.5 per cent. Following on the heels of the jump in domestic inflation announced on Wednesday, this brought widespread warnings from City analysts that UK base rates would have to rise soon. Gloom on domestic interest rates deepened as two leading UK building societies raised their mortgage loan rates. The Bundesbank's decision to leave its key rates unchanged had been expected and provided no comfort in London.

The market had already fallen by nearly 15 Footsie points when Wall Street opened lower. An increased US trade deficit for November, accompanied by a sharp fall in the latest jobless claims, indicated "no evidence of a slowdown in the economy", according to US analysts, and strengthened fears that the Federal Reserve's open market committee will elect to tighten credit policy again when it meets on the last day of the month.

The negative implications of the figures were offset by a fall in the latest diffusion index of the Federal Bank of Philadelphia. However, the Dow Industrial Average was challenging important support levels when London closed for the day.

The UK market extended its loss and the FT-SE 100-share Index ended 26.3 down at 3,028.6, virtually the low of the day. The FT-SE Mid 250 Index lost 15.7 at 3,449.3.

Seaq-reported trading volume of 535.1m shares remained high. Wednesday's total of above 600m shares was worth £1.8bn at retail level, swollen by the Goldman Sachs portfolio programme; reporting of many of the deals involved can legitimately be delayed under Stock Exchange rules and dealers believe the size of the whole programme may affect the market for several days.

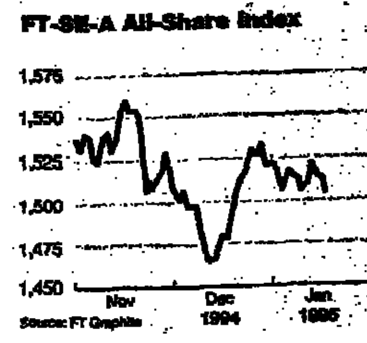
The downturn across the market was accompanied by a steady flow of corporate features. Prime among them was again the activity in merchant banking stocks as traders primed themselves for a bid move against S.G. Warburg, perhaps triggered by disposal of all or part of its 75 per cent holding in Mercury Asset Management; it was the Mercury side which apparently scotched the recent merger discussions between Warburg and Morgan Stanley, and a Mercury disposal is regarded as a necessary preliminary to any further attempt to take over Warburg.

US-orientated stocks were generally undermined by Wall Street's setback, which was extended after London closed. Domestic issues, battered by interest rate bearishness and by the generally disappointing trend of this week's trading statements from the sector leaders, extended recent falls. Kingfisher, having failed to please the market with its trading statement on Wednesday, retreated further.

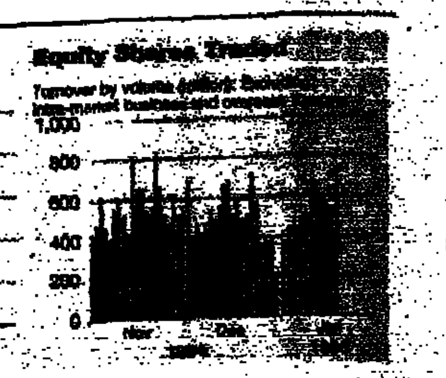
Traders tried to put the best face possible on yesterday's setback. Selling pressure was not heavy overall, although there were suggestions that the large portfolio sales represented a repatriation of investment from Europe by a large US fund.

The substantial differential against Wall Street has been seen as a major bull point for the UK stock market and London strategists will not be happy to see it reduced. UK traders agreed that the closing reading on the Dow Average will set the tone for the market opening in London this morning.

FT-SE-A All-Share Index



Equity Shares Traded



■ Key indicators

Indices and ratios

FT-SE 100	3028.6	-26.3
FT-SE Mid 250	3449.3	-15.7
FT-SE-A 350	1517.7	-11.7
FT-SE-A All-Share	1503.00	-10.85
FT-SE-A All-Share yield	4.06	(4.03)
FT Ordinary Index	2309.9	-28.2
FT-SE-A Non Fins p/e	17.73	(17.88)
FT-SE 100 Fut Mar	3030.0	-38.0
10 yr Gilt yield	8.74	(8.70)
Long gilt/equity yld ratio:	2.17	(2.16)

Best performing sectors

1 Oil Exploration & Prod ... +0.6
2 Other Financial ... +0.2
3 Banks, Merchant ... +0.1
4 Property ... +0.1
5 Health Care ... -0.0

Worst performing sectors

1 Tobacco ... -1.4
2 Banks, Retail ... -1.3
3 Electronic & Elec Eqpt ... -1.2
4 Pharmaceuticals ... -1.2
5 Engineering, Vehicles ... -1.2

Heavy trade in Wellcome

Pharmaceuticals group Wellcome rose smartly in early dealing as it became the apparent beneficiary of what many dealers believe is the largest ever UK programme trade.

The shares were up 15 at one stage and ended the day 5 higher at 684p on turnover of 9.8m, one of the heaviest for the past 12 months.

Much of that volume represented a block of 2.6m shares dealt at 673½p. The block was believed to be part of an extremely large two-way trade begun on Wednesday and worth up to £1bn.

Goldman Sachs, the US investment house behind the deal, would only say it had carried out a "substantial balanced portfolio trade to facilitate a client transaction". Rivals argued that Goldman's involvement hinted at a US client.

Some senior traders said they had counted £350m of programme trades on Wednesday but pointed out that, as such deals need only to be reported after 90 per cent of the business has been carried out, it was likely that many more would appear over the next couple of days.

After the block of Wellcome shares appeared on trading screens, Goldman bid aggressively for the stock. The house apparently had first call with institutions for buy and sell orders for leading stocks for much of the day.

Warburg in demand

Speculation about a potential bid or sale of part or all of its 75 per cent stake in Mercury Asset Management continued to drive S.G. Warburg shares, and those of Mercury.

Warburg, 8 firmer at 745p after a day's high of 756p, was the FT-SE 100's best individual performer and attracted further heavy activity of 2.3m shares, although much of this was attributed to frantic trading between rival marketmaking firms.

Mercury shares jumped a further 20 to 768p, but turnover here, 389,000 shares, was much quieter than on Wednesday.

In spite of constant denials of the bid/stake sale stories, marketmakers said the City was alive with talk of an imminent takeover offer for Warburg when the market opened for business yesterday.

"In the absence of the rumoured bid, Warburg shares should have gone down; the fact that they did not, and that there was again big support for the stock, adds to the intrigue surrounding Warburg/Mercury shares," was the view of one senior dealer in the financial sector of the market.

Low for T&N

T&N declined 4½ to a new low of 150½p on 1.9m shares traded as talk of a dividend cut deepened the gloom.

The shares, 39 per cent under their 1994 peak against 15 per cent for the market as a whole, are already braced for £100m of asbestos-related provisions and the prospect of a rights issue to finance a big German takeover. Now BZW have piled on the agony with a bearish note on the payout.

According to the investment bank, T&N's near 9 per cent yield is anticipating a dividend cut of between 20 and 30 per cent and that bad news is on the cards when the 1994 results are rolled out early in March.

T&N has an option on a controlling stake in German pistons leader Kolbenschmidt. With advance corporation tax militating against a disposal of UK assets, the financing options narrow to a cash call plus a cut in dividend, said BZW.

British Gas was one of only a handful of FT-SE 100 stocks to buck the general market slide, the stock ending the session unaltered at 312p; turnover was a healthy 8.1m shares.

Helping to sustain the stock was a presentation, involving British Gas and a number of the independent gas companies, to around 40 institutions at Smith New Court, the securities house.

Gas apparently gave a good account of itself at the seminar, as did representatives of the independents, Kinetica, Caledonian Gas and Utilicorp. Utilities specialists said the relatively upbeat message from the seminar had helped Gas shares, which were also boosted by the safe yield of 6 per cent.

Magazine publisher Reed International slid more than 2 per cent after the Dutch arm in the Reed Elsevier partnership was downgraded by the Amsterdam office of one UK broker.

James Capel turned seller of Elsevier, arguing that it was expensive compared to the Dutch market. There is a strong arbitrage between the two stocks when the value, after currency adjustment, moves far from one Reed share to 0.769 Elseviers. Reed fell 16 to 751p, although Capel's London media team rates it more positively, arguing that compared to the UK market the shares are cheap.

BTR was the day's most active Footsie share, easing to 304p in 11m turnover. The heavy volume followed a buy note from Hoare Govett plus confirmation that the group had solved its management succession problem.

British Airways shed 6 to 369p as news filtered through that the results from deeply troubled US associate USAir had been put off for a week and would now appear on January 27. Airports group BAA lost 8 at 473p in 2.3m traded.

The oil exploration and production stocks gave a good performance, with the sector leaders Enterprise and Lasmo both attracting solid support. A James Capel "buy" recommendation was said to have been behind the latest rise in Enterprise, which moved up 3 to 405p after much higher than usual turnover of 5m shares.

Lasmo, meanwhile, edged up to 144p in the wake of the sale of its 15.75 per cent stake in the Kakap production sharing contract, lying off Indonesia, for $29.5m. "A good price for what was seen as a peripheral asset," said one analyst.

The recs moved back into the limelight with news that South Wales Electricity had bought in the remaining 3.15m shares, or 3.1 per cent that it was entitled to buy after gaining shareholder permission last year. The stock was acquired by Warburg Securities at 823p a share. South Wales lost 8 at 824p. Northern Electric, in receipt of a bid from Trafalgar House, edged up 2 to 973p after Swiss Bank revealed that it spoke for 4.71 per cent of Northern shares, in its role as a marketmaker. Swiss Bank has advised Trafalgar in its bid for Northern.

British Steel dipped 2¼ to 152¾p in busy 8.7m turnover, with the bear argument about the European steel cycle gaining momentum on the back of a reduce recomendation from NatWest Securities.

MARKET REPORTERS:
Steve Thompson,
Peter John,
Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Jan 19	Jan 18	Jan 17	Jan 16	Jan 13	Yr ago	*High	*Low
Ordinary Share	2309.9	2338.1	2345.0	2365.6	2345.8	2659.1	2713.6	2240.6
Ord. div. yield	4.52	4.47	4.46	4.42	4.46	3.51	4.61	3.43
Earn. yld. % full	6.63	6.56	6.54	6.48	6.54	3.97	6.75	3.82
P/E ratio net	17.44	17.64	17.69	17.85	17.70	31.77	33.43	16.94
P/E ratio nil	16.89	17.09	17.13	17.28	17.14	29.46	30.80	16.67

*For 1994/5. Ordinary Share index since compilation: high 2713.6 2/02/94, low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2335.9	2329.9	2327.7	2326.0	2325.6	2325.4	2323.9	2318.7	2310.8	2336.1	2303.3

	Jan 19	Jan 18	Jan 17	Jan 16	Jan 13	Yr ago
SEAQ bargains	18,416	20,014	21,188	21,244	19,430	46,220
Equity turnover (£m)†	-	1808.0	1218.4	1227.7	1248.0	2527.7
Equity bargains†	-	27,828	29,244	29,572	26,334	52,169
Shares traded (mil)†	-	742.5	561.4	581.7	590.7	993.4

†Excluding intra-market business and overseas turnover.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3068.0	3030.0	-38.0	3070.0	3029.0	15094	[illegible]
Jun	3053.0	3047.0	-33.0	3053.0	3053.0	10	[illegible]
Sep		3065.0	-33.0			[illegible]	[illegible]

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		3450.0	-20.0			0	[illegible]

■ FT-SE 100 INDEX OPTION (LIFFE) (*3027) £10 per full index point

	2850 C	2850 P	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P
Jan	177½	1	127½	1	77½	1	27½	2	2	30½
Feb	188½	7	145½	13½	106½	24	72	41	44	64½
Mar	201	22½	161½	32	124½	45	95	64½	66	87
Apr	222½	42½	186½	56	152	72	120½	90½	93	114
Jun†			204	88½			146½	107		

Calls 8,674 Puts 9,280

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2825 C	2825 P	2875 C	2875 P	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P
Jan	195	1½	146	1	118½	23½	45	1½	6	11½
Feb	209	4	163	8	121½	16	90½	29½	66	49
Mar	217½	14½	176½	23	139	35	105½	51	78½	71½
Jun	263	52½			193½	80½			135	119½
Sept†	300½	70			236	101½			179½	141

Calls 4,353 Puts 5,129 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	1994/95 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	4.99	99	90½	Asset Man Inv	99		-	-	-	-
-	F.P.	4,390.5	259	245	BSkyB	256		N-	-	-	49.2
-	F.P.	39.3	64	43	Brit Assets Gth	64	+½	-	-	-	-
-	F.P.	1.93	7	5½	Cale. Media Wrts	6½		-	-	-	-
-	F.P.	68.9	173	133	Clydeport	167	+1	RN3.51	-	2.8	-
$10	F.P.	35.1	625	575	First Russian Fr	595		-	-	-	-
500	F.P.	45.4	511	490	Gartmore Mic Uts	511	+1	-	-	-	-
-	F.P.	27.7	102	94	Hill Hire	102		N3.35	2.0	4.1	12.7
-	F.P.	216.5	92	80¼	Invest Capital Gth	87½	-½	-	-	-	-
-	F.P.	94.0	39	38	Do Inc Annuity	38		F5.3	-	17.4	-
100	F.P.	27.0	103	100	Kiln Capital	100		F4.0	-	5.0	-
-	F.P.	27.8	55	53½	Lazard Brts India	53½		-	-	-	-
-	F.P.	3.28	32½	30½	Do Warrants	31½		-	-	-	-
§3	F.P.	5.55	3½	3	MICE Group	3¼		bN0.1	3.2	3.7	10.4
100	F.P.	41.0	94	81	Matheson Lloyds	82		-	-	-	-
-	F.P.	21.0	130	100	Penlex Oil	105		-	-	-	-
175	F.P.	35.2	210	203	RM	209		W4.8	3.1	2.9	13.6
182	F.P.	1,535.2	188	167	TeleWest	[illegible]	+½	-	-	-	-
100	F.P.	17.6	102	102	Wellington Un.	102		-	-	-	-
-	F.P.	262.1	128	118	Woodchester Units	125		-	-	-	-

FT GOLD MINES INDEX

	Jan 19	% chg on day	Jan 17	Jan 16	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1856.36	+2.9	1804.86	1809.93	2336.61	2.36	2337.98	1762.82
■ Regional Indices								
Africa (16)	2858.43	+4.5	2734.05	2752.67	3091.40	4.93	3711.87	2304.45
Australasia (7)	2228.33	+1.4	2197.84	2215.30	2959.77	2.29	3013.88	2129.35
North America (11)	1506.47	+2.2	1473.82	1471.32	2025.51	0.87	2025.61	1389.34

Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Predecessor Gold Mines Index: Jan 19: 213.5 ; day's change: -2.0 Year ago: 245.5 † Partial.
Latest prices were unavailable for this edition.

FT - SE Actuaries Share Indices — The UK Series

	Jan 19	Day's chge%	Jan 18	Jan 17	Jan 16	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3028.6	-0.9	3054.9	3054.4	3076.7	3470.0	4.26	7.34	16.11	2.66	1157.29
FT-SE Mid 250	3449.3	-0.5	3465.0	3468.6	3473.9	4105.4	3.67	6.32	18.88	5.93	1301.80
FT-SE Mid 250 ex Inv Trusts	3460.4	-0.4	3475.5	3477.5	3484.2	4117.3	3.81	6.83	17.80	6.15	1304.21
FT-SE-A 350	1517.7	-0.8	1529.4	1529.4	1538.7	1754.3	4.12	7.10	16.67	1.63	1186.59
FT-SE-A 350 Higher Yield	1550.9	-0.7	1561.8	1560.6	1575.0	1785.0	5.19	7.56	15.83	2.37	997.26
FT-SE-A 350 Lower Yield	1484.3	-0.8	1496.8	1498.0	1502.3	1698.4	3.09	6.64	17.63	0.90	978.98
FT-SE SmallCap	1737.75	-0.1	1740.18	1740.40	1742.10	2015.79	3.33	6.32	19.91	1.09	1359.12
FT-SE SmallCap ex Inv Trusts	1716.35	-0.1	1717.67	1718.06	1719.80	1979.80	3.52	7.06	18.01	1.21	1347.03
FT-SE-A ALL-SHARE	1503.00	-0.7	1513.85	1513.87	1522.47	1738.06	4.06	7.04	16.89	1.56	1195.41

■ FT-SE Actuaries All-Share

	Jan 19	Day's chge%	Jan 18	Jan 17	Jan 16	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(25)	2659.31	-0.3	2668.54	2671.97	2676.84	2651.33	3.54	5.10	24.81	0.00	1073.61
12 Extractive Industries(7)	3575.27	-0.8	3602.96	3577.02	3616.70	4047.45	3.39	5.45	22.71	0.00	986.57
15 Oil, Integrated(3)	2654.60	-0.3	2661.25	2672.26	2672.22	2558.99	3.67	5.66	22.01	0.00	1096.24
16 Oil Exploration & Prod(15)	1888.44	+0.6	1877.40	1879.05	1878.18	1987.49	2.59	‡	‡	0.00	1092.62
20 GEN INDUSTRIALS(279)	1832.77	-0.8	1847.24	1846.63	1852.46	2160.26	4.25	5.80	20.59	0.22	942.82
21 Building & Construction(38)	960.10	-0.5	965.31	960.12	956.92	1496.65	4.04	6.36	20.57	0.00	758.08
22 Building Matls & Merchs(32)	1738.40	-0.7	1751.30	1755.36	1759.72	2374.58	4.30	6.24	19.32	0.00	827.34
23 Chemicals(23)	2276.34	-0.5	2287.45	2283.14	2294.83	2402.35	4.15	4.77	26.03	0.50	1017.31
24 Diversified Industrials(16)	1790.78	-1.0	1808.23	1811.26	1818.85	2121.04	5.26	6.41	18.00	0.00	927.23
25 Electronic & Elect Equip(36)	1883.50	-1.2	1906.08	1904.36	1926.27	2182.79	4.03	6.79	17.54	0.75	931.07
26 Engineering(72)	1767.02	-0.6	1777.47	1769.54	1770.47	1901.93	3.42	5.54	21.20	0.47	1018.85
27 Engineering, Vehicles(13)	2098.08	-1.2	2122.97	2131.48	2134.54	2400.15	4.77	1.63	80.00†	0.00	1027.04
28 Paper, Pckg & Printing(26)	2786.00	-0.7	2805.41	2809.36	2805.78	2964.36	3.15	5.78	20.05	0.00	1102.95
29 Textiles & Apparel(21)	1513.38	-0.4	1518.76	1518.31	1518.49	1969.87	4.47	6.48	20.06	0.00	866.47
30 CONSUMER GOODS(95)	2764.26	-1.0	2792.39	2795.29	2821.74	3042.55	4.37	7.34	15.83	7.07	963.09
31 Breweries(18)	2193.64	-0.7	2208.68	2197.54	2212.81	2443.48	4.36	8.15	14.80	10.13	1004.14
32 Spirits, Wines & Ciders(10)	2547.97	-1.0	2574.88	2601.02	2647.80	3214.66	4.48	7.47	15.46	25.80	869.81
33 Food Producers(24)	2290.99	-0.8	2309.98	2314.75	2332.79	2579.04	4.27	7.69	15.44	3.92	976.38
34 Household Goods(10)	2425.17	-0.5	2437.40	2418.36	2419.59	2782.61	3.67	7.44	16.20	0.45	878.73
36 Health Care(18)	1567.02	.....	1567.12	1570.66	1576.05	1886.27	3.19	3.53	39.44	0.43	915.37
37 Pharmaceuticals(13)	3281.95	-1.2	3321.00	3304.49	3332.39	3183.06	4.10	6.51	17.78	0.00	1052.81
38 Tobacco(2)	3706.12	-1.4	3760.23	3805.23	3837.09	4391.69	5.80	9.83	11.11	0.00	845.40
40 SERVICES(231)	1860.82	-0.7	1873.87	1876.74	1883.28	2189.56	3.37	7.21	16.72	2.00	923.24
41 Distributors(32)	2479.62	-0.4	2488.88	2494.62	2495.51	3166.50	3.77	12.54	9.65	1.53	867.00
42 Leisure & Hotels(29)	2079.96	-0.5	2090.55	2093.88	2104.97	2313.03	3.46	5.70	20.71	6.69	1034.84
43 Media(43)	2692.83	-0.7	2711.86	2724.33	2726.96	3168.12	2.61	5.69	20.51	1.76	938.22
44 Retailers, Food(16)	1778.88	-0.4	1785.23	1766.83	1770.89	1882.95	3.70	8.96	13.70	1.85	1074.68
45 Retailers, General(45)	1535.62	-0.8	1548.61	1558.14	1566.16	1863.13	3.48	7.57	16.40	1.44	836.56
48 Support Services(36)	1492.07	-0.6	1501.70	1502.09	1507.00	1854.78	2.81	6.43	18.32	0.30	914.00
49 Transport(21)	2200.58	-1.2	2226.39	2228.99	2239.16	2733.06	3.87	6.64	17.75	0.37	869.31
51 Other Services & Business(7)	1215.88	-0.5	1221.58	1252.80	1252.18	1329.63	3.68	3.73	36.65	2.62	1057.19
60 UTILITIES(37)	2388.78	-0.4	2399.07	2401.16	2424.07	2700.41	4.49	7.79	15.84	4.95	940.43
62 Electricity(17)	2473.10	-0.7	2489.41	2490.81	2507.42	2528.12	3.94	10.18	11.72	13.80	1055.74
64 Gas Distribution(2)	2063.71	.....	2064.46	2064.96	2077.25	2303.56	5.81	‡	‡	0.00	969.31
66 Telecommunications(5)	2011.36	-0.2	2015.41	2013.63	2033.62	2407.09	4.06	7.44	16.44	0.00	872.93
68 Water(13)	1718.26	-1.1	1737.37	1762.11	1786.78	2091.56	5.83	13.97	7.81	4.62	876.16
69 NON-FINANCIALS(667)	1632.37	-0.7	1643.84	1645.33	1654.61	1847.49	4.03	6.76	17.73	2.02	1167.37
70 FINANCIALS(119)	2085.47	-0.9	2103.59	2094.81	2108.59	2699.50	4.63	9.68	12.01	0.06	832.69
71 Banks, Retail(9)	2707.88	-1.3	2742.53	2731.97	2753.17	3464.06	4.52	10.57	10.83	0.00	815.46
72 Banks, Merchant(6)	3039.65	+0.1	3035.88	2959.38	2953.03	3635.38	3.66	9.18	12.72	0.00	923.20
73 Insurance(27)	1149.34	-1.1	1161.99	1162.93	1173.72	1560.67	5.44	10.24	11.14	0.03	794.73
74 Life Assurance(6)	2358.17	-0.7	2375.38	2384.93	2370.78	2861.35	5.42	7.90	15.44	0.00	912.64
77 Other Financial(23)	1886.89	+0.2	1882.43	1870.46	1869.04	2168.08	3.95	7.54	15.82	0.45	1019.60
79 Property(45)	1367.98	+0.1	1366.35	1364.47	1376.05	1850.02	4.40	7.78	16.09	0.12	793.81
80 INVESTMENT TRUSTS(133)	2617.78	-0.5	2631.80	2626.42	2633.43	3100.78	2.38	2.05	48.79	2.10	885.17
89 FT-SE-A ALL-SHARE(919)	1503.00	-0.7	1513.85	1513.87	1522.47	1738.06	4.06	7.04	16.89	1.56	1195.41
FT-SE-A Fledgling	997.82	-0.2	999.37	1000.20	1002.11	-	2.87	-	-	0.97	998.79
FT-SE-A Fledgling ex Inv Trusts	1000.25	-0.1	1001.74	1002.83	1005.06	-	3.03	-	-	1.05	1001.31

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3051.4	3044.4	3045.8	3042.6	3041.7	3043.7	3041.0	3034.8	3027.6	3051.4	3027.2
FT-SE Mid 250	3464.7	3463.0	3459.9	3458.9	3455.6	3456.0	3454.8	3453.5	3449.0	3464.7	3449.0
FT-SE-A 350	1528.0	1525.2	1525.4	1523.6	1523.4	1524.2	1523.0	1520.5	1517.3	1528.0	1517.2

Time of FT-SE 100 Day's high: 8.30am Day's low: 4.13pm . FT-SE 100 High: 3520.3(2/2/94) Low: 2876.6(24/6/94) .

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	907.2	907.7	908.4	904.5	903.7	903.7	902.7	902.5	900.2	899.9	906.8	-6.9
Pharmaceuticls	3290.4	3273.1	3280.3	3272.7	3271.5	3276.2	3274.6	3260.7	3253.7	3254.5	3293.6	-39.1
Water	1733.9	1734.0	1730.3	1727.3	1727.6	1727.4	1721.6	1718.5	1713.7	1713.3	1732.8	-19.5
Banks, Retail	2762.2	2757.7	2758.6	2758.8	2756.5	2755.7	2753.8	2746.9	2745.5	2742.4	2777.5	-35.1

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT, Fitzroy House, 13-17 Epworth Street, London EC2A 4DL.
The FT "500" has been renamed FT-SE-A Non-Financials index. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.
 The FT-SE Actuaries Share Indices are audited by The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

TRADING VOLUME

■ Major Stocks Yesterday

[illegible]

WORLD STOCK MARKETS

EUROPE

PACIFIC

NORTH AMERICA

AFRICA

INDICES

US INDICES

INDEX FUTURES

■ CAC-40	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jan	1870.0	1843.0	-23.0	1873.0	1836.0	28,745	23,151
Feb	1879.0	1852.0	-23.0	1879.5	1849.0	469	3,057

■ DAX	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Mar	2106.0	2091.5	-7.5	2108.5	2090.0	14,388	N/A
Jun	2126.0	2111.5	-7.5	2126.0	2111.5	1,304	N/A

■ OMX	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jan	1172.00	1166.00	-9.00	1176.00	1165.00	3,536	19,300
Feb	1180.00	1183.00	+1.50	1183.00	1174.00	595	3,328

■ SOFFEX	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jan	2602.0	2598.5	-2.5	2605.5	2590.5	4,972	9,485
Feb	2609.5	2603.0	+1.0	2614.0	2598.1	2,779	10,885

■ S&P 500	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	471.20	470.20	-0.95	471.25	470.05	59,794	200,809
Jun	-	475.20	-0.75	-	-	191	10,012

■ Nikkei 225	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	19380.0	19170.0	-190.0	19420.0	19130.0	33,550	113,722
Jun	19460.0	19230.0	-190.0	19460.0	19230.0	54	3,452

Open interest figures for previous day.

** Sat Jan 14: Taiwan Weighted Price 6511.30; Korea Comp Ex 988.56. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Jan 19 - 2079.60 -6.02.

† Correction. * Calculated at 15.00 GMT ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994/95, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, January 19, 1995

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Obayashi	12.3m	713	+3	Nippon Steel	5.7m	350	-9
Sumitomo Const	10.9m	490	+5	Sumitomo Osaka	5.4m	486	+1
Taisei Corp	7.4m	635	+10	Okumura Corp	5.2m	880	-10
Nissan F&M Ins	7.0m	673	-7	Odakyu Elec Rail	4.5m	725	+3
NKK	6.7m	264	-2	Daisue Const	4.5m	488	-13

4 pm close January 19

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994/95 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
17¾	11⅞	AAR	0.48	3.5	24	39	13¾	13⅝	13⅝	
21½	12⅝	A L Labs A	0.18	0.8	48	303	u21½	21½	21½	
79⅜	57⅝	AMP	1.68	2.3	22	2341	74	73½	73½	-⅛
72¾	48⅛	AMR			123	9107	59⅞	58	58	-⅞
56⅛	39⅝	ASA	2.00	4.4	30	848	45⅞	45¼	45½	-⅜
33⅞	25⅜	AbbotL	0.76	2.4	17	6071	32⅜	32⅛	32¼	+⅛
15¼	11⅞	Abitibi Pr	0.50	3.7	12	36	13⅞	13⅝	13⅝	-⅛
23⅞	17¾	ABM Ind	0.60	2.7	13	54	22⅝	22⅜	22⅝	+⅛
18	11⅛	Acpincoln			12	686	16⅝	16¼	16¼	-¼
31	20¾	ACE Ltd	0.44	2.0	23	438	22⅜	21⅞	22⅛	-¼
12½	9	ACM Gvt In x	1.09	11.4	8	427	9¾	9⅝	9⅝	-⅛
10⅛	6⅞	ACM GvOpp	0.80	10.8		109	7½	7⅜	7⅜	-⅛
10⅝	6¾	ACM Gvt Sp x	0.96	13.2		525	7⅜	7¼	7¼	
12	7⅝	ACM Gvt Se x	1.09	13.1		349	8⅜	8¼	8⅜	
11¾	7⅜	ACM Man x	1.08	12.7		520	8½	8⅜	8½	+⅛
9¼	7¼	ACM Managd x	0.72	9.8		32	7½	7⅜	7⅜	-⅛
15½	8¾	AcmeCle	0.44	3.9	22	326	11¼	11⅛	11¼	
19⅞	6½	Acme Elect			17	2898	18⅜	16	16⅝	-3¼
33½	23	Acordia	0.60	1.8	16	15	32⅝	32½	32½	-⅛
13½	5¾	Actava	0.36	4.0	2	130	9	8⅞	9	-⅛
18⅞	11¼	Acuson			26	287	16	15¾	15⅞	
18⅜	15½	Adams Expr	0.36	2.2	0	72	16⅛	16	16⅛	
64½	46½	Ad Micro	3.00	4.7		353	u64½	63½	64	+¼
32¼	16¾	AdvMic	3.00	9.4	9	13273	32⅛	31⅝	32	-⅛
6⅞	5	Advest Grp	0.16	3.0	15	50	5⅜	5¼	5⅜	+⅛
20	15	AGvo Inc	0.10	0.6	17	868	18½	17¾	18	+¼
68⅛	49⅜	Aegon ADR	1.47	2.2	12	10	65½	65	65½	+½
5	3⅜	Aerfix			7	193	3⅞	3⅞	3⅞	
65¾	42¼	AetnaL	2.76	5.5	6	3168	50⅞	50¼	50⅞	-½
36⅛	25¼	Aflac	0.46	1.4	12	901	33¾	33¼	33¼	-⅜
22¾	15¼	Ahmanson	0.88	5.4	9	3010	16⅞	16⅛	16¼	-¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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4 pm close January 19

NYSE COMPOSITE PRICES

1994/95 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
Continued from previous page										
35⅛	30⅛	SFePPipe	2.80	8.0	8	73	u35⅛	35	35	
26¼	12⅞	SanFeP	0.10	0.5	14	16180	18⅞	18⅛	18¼	
28⅛	19⅞	SaraLee	0.68	2.7	54	2484	25	24¾	25	
50⅛	41	Scana Corp	2.82	6.5	12	402	43⅝	43⅜	43⅜	-⅛
20½	12½	Scecorp	1.00	6.6	9	7182	15½	15	15¼	
45½	31¾	ScheringP			29	272	44¾	44¼	44⅜	-⅛
75⅞	64½	SchPl	2.04	2.8	15	3069	73⅝	73⅛	73⅜	-⅜
63	50	Schlmb	1.20	2.3	25	7104	52⅞	52	52⅝	+½
39⅝	23¾	Schwab(C)	0.36	0.9	16	1597	38¾	37½	38⅜	+½
10¾	6⅛	Schwitzer			8	45	8⅝	8⅜	8⅝	+⅜
22¾	12½	SciAtl	0.06	0.3	38	3033	20⅜	19⅞	20¼	+⅛
18¼	13	Scotman	0.10	0.6	12	348	17⅛	17⅛	17⅛	
74½	37¼	ScottP	0.80	1.1	22	3320	72⅝	71	71¼	-1⅝
31	23	Scripps	0.44	1.6	13	30	28⅝	28⅛	28⅜	-⅛
28⅝	18	ScuddrNAsF x	0.02	0.1		158	18⅜	d18	18	-⅛
12⅝	8¾	ScuddrNEuF	0.16	1.8		289	9⅛	9	9	
18¼	12	SeaCnB	0.70	4.9	8	61	14¼	14⅛	14¼	
16½	14¼	SeaCT.4625	1.46	9.6		8	15¼	15⅛	15¼	-⅛
28	22⅞	S'gate			7	2205	27⅛	26¾	26¾	-⅛
32⅝	26¼	Seagrm	0.60	2.0	14	1058	30¼	30	30	-⅛
29¾	17⅛	Seagull En			29	446	17¾	17½	17½	-⅛
[illegible]										

NASDAQ NATIONAL MARKET

4 pm close January 19

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
[illegible]							

AMEX COMPOSITE PRICES

4 pm close January 19

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
[illegible]							

AMERICA

Dow slips on interest rate speculation

Wall Street

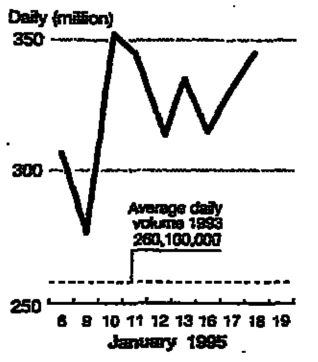
The Dow Jones Industrial Average slipped back below 3,900 by early yesterday afternoon as fears of another interest rate increase gripped the market, *writes Lisa Bransten in New York*.

By 1pm, the Dow Jones Industrial Average was down 41.72 at 3,887.26. The Standard & Poor's 500 lost 2.89 at 466.82, the American Stock Exchange composite shed 0.36 to 439.61 and the Nasdaq composite fell 3.46 to 768.92.

Trading volume on the NYSE was 169m shares.

Last Friday and Monday saw the Dow rally by more than 70 points to break through the 3,900 level, as weak inflation figures led some to speculate that the Federal Reserve might not raise interest rates at the forthcoming meeting of its open market committee.

NYSE volume



This week's data had brought new signs of economic strength, but until yesterday the market managed to hang on to its gains.

Yesterday's data included November trade figures showing record imports and a trade deficit that widened to $10.5bn. A survey released yesterday by the Federal Reserve Bank of Philadelphia showed business activity for January slowing, but a jump in the prices paid component to 55 per cent from 44.1 per cent in December suggested inflationary pressures deeper in the economy.

Cyclical shares fell with the declining market, and the Morgan Stanley index of cyclical shares lost more than 1 per cent by early afternoon. Goodyear Tire & Rubber shed $1¼ at $37½, Motorola $⅝ at $62¼, Tenneco $⅝ at $43⅞, Citicorp $⅞ at $39¼ and Roadway Services, which trades on the Nasdaq, $1⅜ at $51¼.

Since the start of the year investors have been buying and selling shares in anticipation of earnings reports, many of which were released this week.

As a result, much market activity yesterday was driven by actual earnings figures.

Among those reporting earnings below analysts' expectations, Bankers Trust lost $1⅝ at $57⅝ and Bear Stearns fell $⅜ to $16⅜ but Genentech picked up $¼ at $45⅝.

Some companies reporting better than expected earnings fell, in part because investors ran up the prices in anticipation of strong earnings.

Caterpillar, for example, lost $2⅝ at $56, but the shares had jumped since early December when they were trading closer to $51. Other companies reporting higher than expected earnings included Bank of Boston, off $¼ at $28, Starbucks, down $⅛ at $24⅝, and Northwest Airlines, which rose $½ to $18¼.

Bristol Myers Squibb, the pharmaceuticals company, lost $¼ at $59¼, although earnings almost precisely matched analysts' expectations.

Canada

Toronto waited in hope of soothing comments from the Bank of Canada governor, Mr Gordon Thiessen, later in the day; in the interim the TSE 300 index was down 15.22 at 4,155.62 at midday in 26.52m shares valued at C$333.46m.

Declines outpaced advances by 290 to 210, with 299 issues unchanged. Weak sectors included communications, transport, industrial products and metals and minerals.

Most active stocks were led by Nova Corp, down C$¼ to C$12⅞ in 1.17m shares, while Nowsco Well Services declined C$⅝ to C$13¼ in 1.12m traded. An analyst said that Nowsco was hit by fears that low Canadian natural gas prices will soon cause oilfield activity to fall off.

Row over minimum wages pushes Brazil down 7.1%

Equities in São Paulo plummeted 7.1 per cent in moderate trade. Investors sold after Brazil's senate ratified a vote by the lower house and approved a bill raising the minimum wage to R$100 a month from R$70.

The Bovespa index of the 55 most-active shares was 2,912 down at 37,873 at 15.10 local time, in volume of R$148m ($173.5m)

The bill will now go before President Fernando Henrique Cardoso. The president, however, has indicated that he will veto it, as it would bankrupt the social security service.

MEXICO was marked lower by mid-morning in response to reports of further unrest in the states of Tabasco and Guerrero, and concern that the US aid plan for Mexico might be held up in Congress.

The 37-share IPC index was down 59.76 or 2.8 per cent at 2,096.77.

Supporters of the ruling Institutional Revolutionary Party blocked roads and closed businesses in Tabasco on Wednesday in reaction to reports that the PRI governor, Mr Roberto Madrazo, might be forced into resigning.

BUENOS AIRES sank 3.6 per cent in early trade amid lingering doubts over the fate of Mexico's finances.

The Merval index dropped 15.93 to 432.26, although analysts noted that the slide had been widely expected after Latin American Brady bonds and Argentine ADRs lost ground on Wall Street.

LIMA was 2.5 per cent lower after the first round of trading as local investors cashed in stocks and foreigners held back, with the Mexican financial turbulence continuing to generate uncertainty.

The general stock index declined 31.6 to 1,247.3, while the Selective Index of 15 most-traded stocks slid 51.8 or 3.4 per cent to 1,453.8.

EUROPE

Property and insurance stocks suffer in Paris

Indications of a US manufacturing slowdown and an increase in the rate of price inflation travelled across the Atlantic yesterday afternoon, *writes Our Markets Staff.*

Later closing bourses mostly had second thoughts about earlier gains; France, consistently bleak, had problems of its own.

PARIS was hit again by real estate worries after Générale des Eaux, eventually FFr11.20 lower at FFr480.80, saw its Phenix subsidiary acknowledge second half losses in excess of FFr1bn after a first-half deficit of FFr650m. Property and insurance stocks suffered as the CAC-40 index fell 23.16 or 1.2 per cent to 1,837.11 in turnover of FFr3.73bn.

Earlier this week, the state-controlled insurer Groupe des Assurances Nationales (GAN) stunned the market with 1994 loss projections, mainly due to its real estate unit UIC. GAN dropped another FFr15 to FFr226; and Unibail fell FFr16.10 to FFr478.90, after choosing yesterday to announce a FFr720m lift in its stake in the Paris shopping centre Forum des Halles from 16.8 to 70 per cent.

Expansion in insurance was little more popular. Axa said in a newspaper interview yesterday that it was seeking control of Australia's second largest life insurer, National Mutual Life; Axa's shares dropped FFr7.10 to FFr224.90.

Pechiney soared against the trend, by FFr23.70 to FFr377.70. The market said this was due to buy recommendations from several brokers, including Banque Nomura France and Paribas Capital Markets.

FRANKFURT dealt on a strong dollar in the morning and the Dax index rose 10.51 to 2,089.36. After hours the dollar weakened against the D-Mark, bunds and futures eased and the Ibis-indicated Dax ended the afternoon at 2,079.60.

Turnover rose from DM4.8bn to DM5.5bn. Some financials fell on the prospect of higher US interest rates but chemicals were lifted by the good results from DSM, BASF holding its gains best in the post bourse with a rise of DM3 to DM321.70.

Mr Hans-Peter Wodniok of Robert Fleming in Frankfurt said that after a period of relative strength only BASF, regarded as the most cyclical of the big three, retained some intrinsic attraction; but that all three, traditionally yield stocks, might be retained by many investors until dividends were paid in April.

FT-SE Actuaries Share Indices THE EUROPEAN SERIES

Jan 19 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1331.40	1330.34	1329.13	1327.97	1328.56	1326.05	1324.57	1323.84
FT-SE Eurotrack 200	1386.10	1385.70	1383.85	1383.10	1383.99	1381.78	1379.78	1379.81

	Jan 18	Jan 17	Jan 16	Jan 13	Jan 12
FT-SE Eurotrack 100	1327.01	1329.65	1332.54	1314.76	1309.65
FT-SE Eurotrack 200	1384.86	1385.53	1389.97	1376.31	1368.44

Base 1000 (26/10/90) Highday 100 - 1331.40; 200 - 1386.23 Lowday 100 - 1323.59 200 - 1378.18 † Partial

In automotive stocks, the play on Continental's tyre price prospects reversed itself, the shares retreating DM3.70 to DM230.

AMSTERDAM saw early strength evaporate and the AEX index finished 0.94 lower at 413.51, off a high of 416.09.

DSM rose Fl 5.70 to Fl 146.70 in response to the company's forecast, late on Wednesday, that 1994 earnings would top Fl 500m, up from the Fl 400m it had foreshadowed in December and compared with a loss of Fl 118m in 1993.

Nutricia finished Fl 5.80 or 6.6 per cent ahead at FL 93.30, off a high of Fl 97.40, after reports that Switzerland's Sandoz was prepared to pay Fl 169 a share for the 32 per cent stake owned by Unigate, of the UK. Nutricia and Sandoz declined to comment.

Volume in Nutricia surged to 235,000 shares, compared with 11,000 on Wednesday and a daily average of 50,000 during last week.

A 30-cent fall in Elsevier to Fl 16.80 was attributed to an analyst's downgrade, while Philips gave up 40 cents of recent rises to close at Fl 54.90.

ZURICH was unable to make progress in slack trade, with the day's US data reinforcing interest rate concerns. The SMI index finished 1.9 higher at 2,595.5.

Sandoz eased SFr2 to SFr674 after the company declined to comment on rumours that it might buy Unigate's Nutricia stake. Analysts said that Sandoz's release of 1994 sales had little impact on the stock as they were in line with most expectations.

Roche certificates picked up another SFr75 to SFr6,400 in further response to Wednesday's sales figures. James Capel commented that sales growth was slightly ahead of its forecasts, and it noted a strong finish from pharmaceuticals after a weak performance in the second and third quarters. Capel added that it continued to see Roche offering the strongest growth in Swiss pharmaceuticals.

Bearer shares in Kuoni, the travel group, jumped SFr2,750 or 8.1 per cent to SFr36,500 as analysts talked of renewed confidence in the company, after its recent setback when the majority shareholder said it planned to sell its stake.

Ascom, in telecoms, picked up a further SFr40 to SFr1,300, still benefiting from Wednesday's news that it expected to return to profit in 1994 after losses in the previous two years.

MILAN remained the victim of political uncertainty, unsure whether the government of Mr Lamberto Dini will win the approval of parliament, and early attempts at a rally were soon forgotten.

The Comit index registered a gain of 14.18 or 2.2 per cent at 672.14, but the real-time Mibtel index turned back from a day's peak of 10,888 to close 92 down at 10,689.

Among blue chips finding recent strong demand, Fiat eased L59 to L6,571 and Montedison was L19 lower at L1,326.

Banks drew fresh attention. Credito Romagnolo rose L541 or 2.9 per cent to L18,903, off a high of L19,900, after the Bank of Italy gave the go-ahead for a new Credito Italiano bid. Italiano, still awaiting the approval of the Consob market watchdog, which could come at the weekend, slipped L10 to L1,949.

MADRID managed a shaky recovery, equities moving in line with the peseta and domestic bonds to end with the general index 0.97 ahead at 283.19 in turnover of Pta35.1bn.

HELSINKI's Hex index moved ahead 8.6 to 1,873.2 but banks fell 2.9 per cent, within that KOP losing another 23 penni to FM4.50 against a 1994 high of FM17.40. Merrill Lynch said yesterday that the price drop was unwarranted and the shares a "risky buy".

Written and edited by William Cochrane and Michael Morgan

ASIA PACIFIC

New Deng rumour leaves Hong Kong tumbling 2.7%

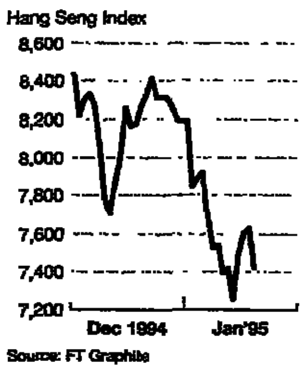
Hong Kong

The Hang Seng index tumbled 2.7 per cent, after the 5.2 per cent rally of the previous three days, with the market mood soured by renewed speculation about the health of the Chinese leader, Deng Xiaoping.

The key index lost 208.20 at 7,422.00 as selling pressure emerged shortly before lunchtime, after reports that Deng Lin, one of Deng's daughters, had postponed a trip to the US until late February. In subsequent London trading, the indicative index steadied to end only 4 off at 7,418.

Small-scale selling by foreign investors was said to have been met partly by some local buying and also by some companies purchasing their own shares. Hongkong Land was reported to have been a recent buyer of its stock.

Hong Kong



Source: FT Graphite

Turnover rose to HK$2.3bn from Wednesday's HK$2.2bn.

Expectations of another rise in US interest rates also continued to nag the local market, after overnight reports from the US showing persistent inflationary pressures.

Commercial and industrial stocks were the hardest hit. Hutchison Whampoa fell HK$1.30 to HK$26.90 and Swire Pacific HK$2.10 to HK$41.80. China Light and Power was the most heavily traded stock, shedding 50 cents to HK$31.60. HSBC declined HK$1.75 to HK$76.75 and Cheung Kong HK$1.25 to HK$26.70.

SHANGHAI was also hit by the news on Deng, the hard currency B share index losing 0.40 or 0.7 per cent to 55.17, its lowest since the start of 1994.

The A share index for domestic investors dropped 23.51 or 3.8 per cent to 589.39.

Prices had been dragged down since late last week after another of Deng's daughters, Deng Rong, said her father's health had declined significantly in recent months.

In Shenzhen, the A share index fell 4.97 to 127.37 and the B index lost 0.47 to 82.17.

Tokyo

The Nikkei 225 average took its fifth retreat in succession, with an intraday fall below 19,000, and the Topix index of all first section stocks dropped to its lowest level in more than a year, *agencies report.*

Volume was high for the second day in a row, rising from 340m shares to an estimated 400m. There was heavy selling of export-orientated electricals by foreign and institutional investors switching into the construction sector, where active buying vied with profit-taking.

The 225 average dipped 147.57 to 19,075.74, after a day's high of 19,297.75 and low of 18,977.99. The Topix shed 15.95 to 1,483.51 and the Nikkei 300 was off 2.93 at 272.61. Falls led advances by 790 to 235, with 139 issues unchanged. In London the ISE/Nikkei 50 index eased 2.88 to 1,217.73.

Institutions sold to take book profits ahead of the March 31 business year-end. There was a suspicion of public funds support in the afternoon.

Although money went into construction stocks, there was a feeling that the post-earthquake rally in the sector could be peaking out. Okumura shed Y10 to Y860 and Daisue Construction Y13 to Y498. Obayashi, the most heavily traded stock for the third straight day, ended just Y3 higher at Y713 after Y727 as Mr Etsusuke Masuda, an analyst at James Capel Pacific, said general contractors' share prices had probably overappreciated since the earthquake.

Kamigumi, a port-harbour transport company based in the earthquake-ravaged Kobe, plunged Y57 to Y873 on fears of loss of business. The port at Kobe, a central Japan hub for container shipping, was rendered inoperable after the earthquake.

Osaka Gas fell Y32 to Y349 on fears that repairing damaged gas facilities would eat into its profits. Hankyu, which operates railways between the earthquake-hit cities of Kobe, Osaka and Kyoto, weakened Y25 to Y532.

Selling of high-tech exporters' shares was seen throughout the day. Toshiba lost Y15 to Y650, Hitachi Y9 to Y916, Sharp Y40 to Y1,580 and Fujitsu Y28 to Y915. Toshiba shares have lost 9.7 per cent so far in 1995.

Steels and cements ended mixed. Kobe Steel, which had dropped 6.4 per cent since the quake on worries about damaged facilities, rallied Y4 to Y280. The Osaka-based Sumitomo Osaka Cement rose Y1 to Y486, bringing its three-day gain to 13 per cent as the OSE average fell 236.01 to 20,807.31.

Roundup

The effects of the earthquake were a common theme elsewhere.

KUALA LUMPUR extended its losses, reflecting the weakness in Hong Kong, and the composite index fell 17.02 or 1.9 per cent to 901.72. Motor stocks were lower on worries of possible disruption in the supply of motor parts after the Kobe earthquake.

TAIPEI was pulled lower overall by late profit-taking, although electronics were up after recent falls, on hopes that the domestic integrated circuit industry would benefit because of the earthquake's effects on their Japanese counterparts.

The weighted index ended 25.50 down at 6,596.02 in active turnover of T$68.7bn.

SEOUL saw broadly based gains, many investors remaining hopeful that local companies would benefit from Japan's reconstruction efforts. The composite index closed 8.24 up at 974.90, but volume of 31.7m shares was well below normal levels.

SYDNEY was supported by gains in commodity prices and a jump in gold prices, but the fall in Tokyo pulled the market down from an earlier peak. The All Ordinaries index gained a net 6.8 at 1,994.4 in volume of 170.4m shares.

WELLINGTON continued to attract offshore buying for the second straight day, but activity was heavily concentrated in a handful of leading shares. The NZSE-40 Capital index added 25.12 at 1,979.76.

S Africa under pressure

Johannesburg was sharply lower yesterday, depressed by political concern and a continued lack of supporting factors, with a gold price recovery in mid-afternoon failing to convince investors.

The market came under pressure on concern that the nine-month old national unity government could break up over controversial indemnity applications made before last year's all-race elections.

The overall index was 89.4 weaker at 5,434.8, industrials fell 93.1 to 6,574 and golds closed 42.8 lower at 1,767.2.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 18 1995								TUESDAY JANUARY 17 1995					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	166.84	0.7	157.39	104.86	132.71	145.80	0.4	3.95	165.62	156.78	103.72	131.92	145.18	189.15	161.21	175.03
Austria (16)	177.79	-0.7	167.72	111.73	141.42	141.34	-0.9	1.15	179.04	169.49	112.13	142.60	142.65	198.89	167.46	190.26
Belgium (35)	167.74	0.5	158.24	105.42	133.42	130.47	0.3	4.23	166.99	158.08	104.58	133.00	130.09	177.04	161.53	162.96
Brazil (28)	154.87	-2.2	146.10	97.33	123.19	240.74	-2.2	0.94	158.29	149.84	99.13	126.07	246.05	-	-	-
Canada (103)	126.81	0.5	119.63	79.70	100.87	130.57	0.6	2.65	126.15	119.42	79.00	100.47	129.76	145.31	120.54	144.15
Denmark (33)	251.35	-0.2	237.12	157.97	199.93	206.21	-0.3	1.44	252.00	238.55	157.82	200.71	206.89	275.79	238.81	267.82
Finland (24)	189.62	0.0	178.88	119.17	150.83	188.07	0.0	0.73	189.61	179.49	118.74	151.02	188.02	201.41	133.88	144.17
France (102)	163.15	0.2	153.91	102.54	129.78	135.32	0.1	3.17	162.75	154.07	101.93	129.63	135.21	185.37	159.34	175.78
Germany (58)	142.49	-0.2	134.42	89.55	113.34	113.34	-0.3	1.83	142.79	135.17	89.43	113.73	113.73	150.40	128.37	130.68
Hong Kong (56)	303.68	0.5	286.48	190.86	241.58	301.68	0.3	4.14	302.32	286.19	189.33	240.79	300.71	493.01	287.15	451.87
Ireland (16)	210.42	0.2	198.50	132.24	167.36	190.55	-0.2	3.34	209.93	198.72	131.47	167.20	190.91	216.60	177.56	204.72
Italy (59)	80.48	1.2	75.92	50.58	64.02	97.21	1.9	1.63	79.53	75.29	49.81	63.35	95.36	97.78	67.25	68.37
Japan (484)	151.14	-0.7	142.58	94.99	120.22	94.99	-0.3	0.80	152.21	144.09	95.32	121.23	95.32	170.10	134.89	136.78
Malaysia (97)	443.29	-1.4	418.19	278.60	352.61	435.85	-1.3	1.93	449.67	425.68	281.62	358.16	441.53	594.75	430.71	505.37
Mexico (18)	1211.54	0.2	1142.93	761.43	963.69	7027.21	-2.1	1.45	1208.86	1144.34	757.07	962.82	7176.86	2647.08	1028.59	2312.05
Netherland (19)	218.14	0.2	205.79	137.10	173.52	170.95	0.1	3.38	217.80	206.18	136.40	173.47	170.77	223.30	191.28	202.71
New Zealand (14)	72.54	1.4	68.44	45.59	57.70	60.20	1.4	4.86	71.52	67.70	44.79	56.96	59.38	77.59	62.05	69.87
Norway (23)	209.28	1.0	197.43	131.53	166.47	190.16	1.0	1.82	207.23	196.16	129.78	165.05	188.27	214.65	177.53	192.65
Singapore (44)	345.11	-1.9	325.57	216.90	274.52	231.08	-1.6	1.88	351.68	332.92	220.25	280.11	234.80	401.38	294.66	338.51
South Africa (59)	312.68	2.3	294.97	196.51	248.71	279.52	0.2	2.36	305.75	289.43	191.48	243.52	279.01	342.00	205.55	262.04
Spain (38)	128.57	0.4	121.29	80.80	102.27	129.59	0.2	4.47	128.11	121.27	80.23	102.03	129.33	155.79	124.87	144.85
Sweden (48)	239.66	0.2	226.09	150.62	190.64	264.24	0.2	1.49	239.11	226.35	149.75	190.45	263.63	242.81	196.70	218.87
Switzerland (47)	165.13	0.3	155.78	103.78	131.35	131.86	0.4	1.85	164.55	155.77	103.05	131.08	131.34	176.56	149.91	166.88
Thailand (46)	144.69	2.3	136.50	90.94	115.09	140.64	2.3	2.61	141.43	133.88	88.57	112.66	137.53	-	-	-
United Kingdom (205)	195.01	0.4	183.96	122.56	155.12	183.96	0.0	4.19	194.29	183.92	121.68	154.75	183.92	214.96	181.11	210.59
USA (513)	192.26	-0.1	181.37	120.83	152.93	192.26	-0.1	2.89	192.53	182.26	120.58	153.34	192.53	196.04	178.95	192.71
Americas (662)	177.46	-0.1	167.41	111.53	141.15	148.77	-0.2	2.83	177.70	168.21	111.26	141.53	149.01	-	-	-
Europe (723)	169.61	0.3	160.00	106.59	134.91	150.13	0.1	3.11	169.13	160.10	105.92	134.70	149.91	178.58	160.59	171.98
Nordic (128)	229.64	0.2	216.63	144.32	182.66	215.04	0.2	1.36	229.26	217.02	143.57	182.59	214.70	233.91	197.70	210.58
Pacific Basin (809)	157.75	-0.6	148.82	99.14	125.48	103.39	-0.3	1.18	158.70	150.23	99.39	126.40	103.71	176.86	148.16	149.53
Euro-Pacific (1532)	162.60	-0.2	153.39	102.19	129.33	121.67	-0.1	2.01	162.95	154.25	102.05	129.78	121.81	175.14	158.25	158.72
North America (616)	188.21	-0.1	177.55	118.29	149.70	188.04	-0.1	2.88	188.42	178.36	118.00	150.07	188.24	192.73	175.67	189.68
Europe Ex. UK (518)	152.19	0.2	143.57	95.65	121.06	130.01	0.2	2.48	151.83	143.73	95.09	120.93	129.73	158.12	144.12	148.31
Pacific Ex. Japan (325)	224.85	0.0	212.12	141.31	178.85	197.76	-0.1	3.38	224.82	212.82	140.80	179.06	197.88	291.75	217.38	271.33
World Ex. US (1740)	163.36	-0.2	154.11	102.67	129.94	125.05	-0.1	2.02	163.82	154.89	102.47	130.32	125.20	176.65	160.40	160.91
World Ex. UK (2048)	169.59	-0.2	159.98	106.58	134.89	141.55	-0.1	2.13	169.94	160.87	106.43	135.35	141.75	176.59	164.27	166.69
World Ex. Japan (1769)	184.67	0.1	174.22	116.06	146.90	175.49	0.0	2.97	184.54	174.69	115.57	146.98	175.55	195.20	176.34	189.85
The World Index (2253)	171.83	-0.1	162.10	107.99	136.68	145.38	-0.1	2.33	172.09	162.91	107.78	137.07	145.57	180.80	166.19	170.50

Latest prices were unavailable for this edition.

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Telecom companies point the way

The information revolution has had a great impact on positions in the FT500 this year. The upheaval in the communications sector is most marked in the US, where there has been a wave of mergers, but similar forces are at work in Europe, says Martin Dickson, Financial Editor

The most striking feature of this year's FT500 is the way it reflects the revolutionary changes sweeping through the world's communications and information industries.

Technological innovation, government deregulation/privatisation, and the convergence of the telecommunications, computing and entertainment industries are combining to produce big changes in the structure of these sectors, as well as new winners and losers.

The change is most marked in the US, which has seen a wave of information industry mergers over the past two years, but similar forces are at work in Europe, where national telecommunications markets are being opened to competition gradually and governments are privatising state-run businesses.

It is, then, hardly surprising that the two highest ranked newcomers to the FT500 are telecommunications companies. One is Telecom Italia, the Italian state-controlled company formed earlier this year from the merger of several groups, including SIP, the telecommunications business which ranked 43 in 1993's list.

The other is KPN, the Dutch state-owned telecommunications and postal group, which floated last June.

The FT500 ranks companies by market capitalisation – the number of their shares multiplied by the price of their shares – and thus excludes wholly state-owned businesses. It also excludes private sector entities where more than 75 per cent of the equity is held by one other concern, or that have only a minimal proportion of their capital traded openly.

Two of the more notable falls in rankings among the top 50 FT500 companies are telecommunications businesses which have fallen out of favour with stock market investors over the past year (that is, the year to September 30, which is the date on which the FT's capitalisation figures are calculated annually).

One is Alcatel Alsthom, the French equipment company, which has been hit by a succession of magistrates' investigations into alleged wrong-doings, while suffering heavy losses in Germany. It is also considered by analysts to be particularly vulnerable to new competitors entering its domestic market. It falls from 18th to 38.

The other is Cable & Wireless, the British-based telecommunications services group, whose Mercury subsidiary has suffered intense competition in the UK market, forcing it into a big retrenchment at the end of 1994. It falls from 24 to 37.

But the FT500 also reflects some of the winners from the upheaval. Nokia, the Finnish manufacturer of mobile phones, has one of the largest increases in rank, jumping 164 places from 301 to 138. Thanks to the rapid growth of mobile telephony around the world, and the strong reputation of Nokia's products, its share price has performed spectacularly over the past two years, rising 15-fold, and the company now accounts for more than 25 per cent of the value of the Helsinki Stock Exchange.

Significantly, however, the FT500 also points up European weaknesses in the information revolution: the uppermost reaches of the table lack the concentration of leading edge, independent computer hardware and software manufacturers which are such a feature of the US, where IBM ranks 9th in capitalisation, Microsoft 13th, Intel 26th and Hewlett-Packard 30th.

As the Nokia example demonstrates, one of the most important factors determining annual changes in a company's ranking in the FT500 is its underlying financial performance, strength of management and its particular trading outlook, each of which is reflected in the value investors place on its shares, and thus its market capitalisation.

But three more general factors also play a role: the outlook for the industrial sector to which the company belongs; the strength or weakness of the national stock market where its shares are traded, relative to other countries; and changes in the value of European currencies relative to the US dollar, the currency used for capitalisation rankings by the FT500.

For example, in the year to September, the Finnish markka rose 14.2 per cent against the dollar, while the Swiss franc was up by nearly 9 per cent, the French franc by 6.5 per cent, the D-Mark by 4.4 per cent, sterling by 2.5 per cent and the Italian lira by a mere 0.2 per cent.

Among European equity markets, Finland was also the outstanding performer, thanks in no small measure to demand for Nokia stock. The Finnish component of the FT-A World Index rose by 35 per cent in local currency terms from September 1993 to the same month of last year, and even more in dollar terms.

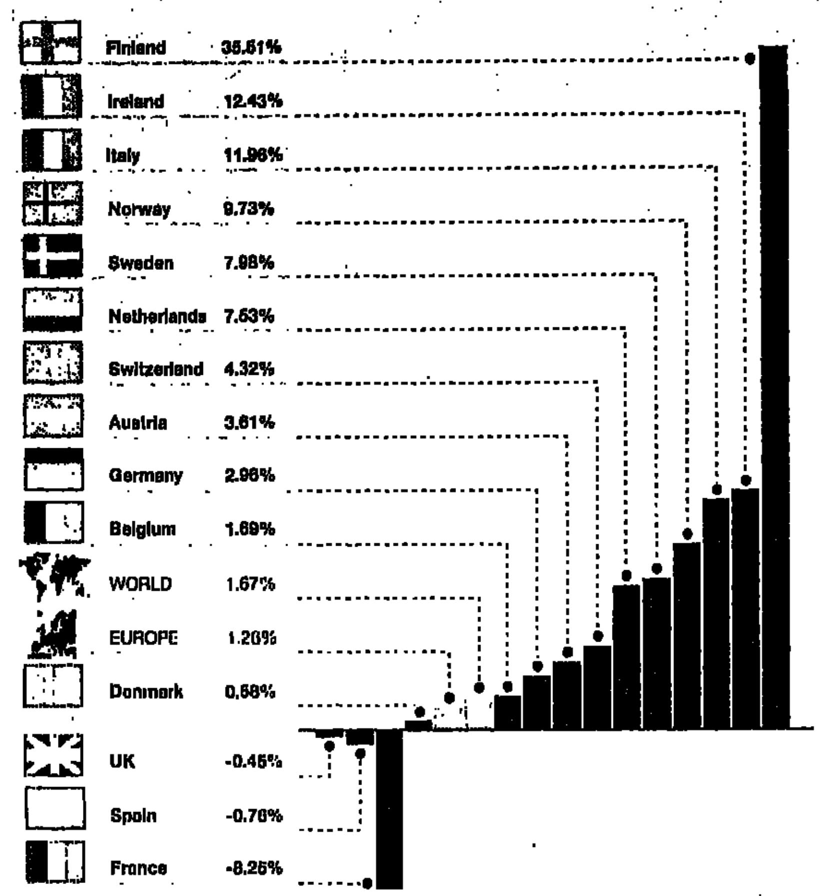
Bourses in Norway and Sweden also performed well, compared to other markets, and the FT-A Nordic index rose nearly 10 per cent in local currency terms. Another strong performer was Italy, up 12 per cent in local currency terms. This was helped early in the year by the election of the Berlusconi government, though the market gave up a substantial part of its gain as the government's political honeymoon ended.

Among leading European markets, the UK marginally lost ground during the year, while Germany was up 3 per cent and France fell 8 per cent.

Despite all these factors, there is no change at the very top of the FT500, nor likely to be for a very long time: first-ranked Royal Dutch/Shell, the oil company which has dominated the table ever since its inception, has a market capitalisation double that of the second placed company, Roche Holding, the Swiss pharmaceuticals group.

How the stock markets moved

12 months to September 30, 1994 (% change) FT-Actuaries World Indices in local currency terms



Jointly compiled by the Financial Times Ltd., Goldman Sachs & Co. and NatWest Securities in conjunction with The Institute of Actuaries & The Faculty of Actuaries

Roche, which in 1993 climbed from 6th in the table to 3rd, has this year overtaken British Telecom, the UK telecommunications group, which drops from number two to number three.

While Roche's market capitalisation rose from \$36bn to almost \$45bn over the past year, partly reflecting its continued strong performance in a difficult environment for drugs companies, BT's capitalisation has fallen from \$40.1bn to \$35.5bn.

The list of companies with the largest increase in ranking is headed by Montedison, the huge Italian industrial group which is gradually clawing its way back from its 1993 financial crisis. It rises 325 places, from 468 to 143. Other large gainers include SAP, the German software group, and Outokumpu,the Finnish mining company.

The list of fallers is headed by Banesto, the Spanish banking group which nearly collapsed in December 1993, followed by Euro Disney, the troubled French theme park, and Metallgesellschaft,the German metals and chemicals group which suffered huge losses in oil futures trading just over a year ago.

Newcomers include two Czech companies – the first businesses from eastern Europe sufficiently large, and with sufficiently robust financial data, to be included in the FT500. They are CEZ, the electric utility which is the largest quoted company in eastern Europe, ranked 210 ,and Komercni Banka, a large Czech banking group, ranked 384.

Other prominent newcomers include 78th placed Banque Nationale de Paris, the French bank which was privatised in October 1993, and Polygram, the Dutch entertainment company, which enters the table in 86th place. Philips, the Dutch electronics group, holds a majority stake in Polygram, but this was diluted sufficiently during the year by an issue of Polygram shares to make the company eligible for inclusion in the list.

IN THIS SURVEY

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A-Z list of the Japanese top 100

Top 100 Japanese companies by market capitalisation

Ranking 1994	1993	company	Market Capital \$m	Sector	Turnover Rank	This year \$m	Last year \$m	per cent change	Profit This year \$m	Last year \$m	per cent change	R O C E	employees	Year ending
1	1	Nippon Telegraph & Telephone	139017.7	223	8	59668.4	61327.0	-2.7	2503.2	3553.0	-29.5	2.2	232198	31/3/93
2	7	Toyota Motor Corporation	76569.5	401	6	103400.0	102920.3	0.5	3263.6	4332.7	-24.7	2.7	109279	30/6/93
3	2	Mitsubishi Bank	71738.8	112		N/R	N/R		742.1	1479.2	-49.8	1.5	15943	31/3/94
4	3	Industrial Bank of Japan	71198.6	112		N/R	N/R		461.0	835.5	-44.6	0.1	5468	31/3/94
5	6	Fuji Bank Ltd	61605.4	112		N/R	N/R		648.9	1061.0	-38.8	0.6	16321	31/3/94
6	5	Sumitomo Bank Ltd	59799.4	112		N/R	N/R		940.5	788.1	19.3	0.7	17640	31/3/94
7	8	Sanwa Bank Ltd	57279.2	112		N/R	N/R		970.8	1943.0	-50.0	1.1	14965	31/3/94
8	4	Dai-ichi Kangyo Bank Ltd	56251.6	112		N/R	N/R		706.3	1209.3	-41.6	0.3	19189	31/3/94
9	9	Sakura Bank	43307.9	112		N/R	N/R		604.1	1136.9	-46.9	0.6	22355	31/3/94
10	11	Nomura Securities Ltd	40740.1	121		N/R	N/R		513.3	24.1	2033.3	1.5	10948	31/3/94
11	10	Tokyo Electric Power Co Inc	39607.6	221	9	47808.2	47594.4	0.4	1619.4	1603.9	1.0	4.4	41967	31/3/94
12	13	Matsushita Electric Indl Co	33555.5	402	10	46076.8	75442.3	-38.9	979.7	3680.2	-73.4	2.0	48876	31/3/93
13	17	Hitachi Ltd	31822.8	551	7	74938.8	76315.6	-1.8	2312.5	2377.2	-2.7	1.5	79339	31/3/94
14	12	Bank Of Tokyo Ltd	30761.5	112		N/R	N/R		998.8	783.1	27.5	0.7	8517	31/3/94
15	21	Nippon Steel Corporation	27210.7	633	21	23968.4	26626.8	-9.9	13.6	1055.8	-98.7	0.3	36316	31/3/93
16	19	Long Term Credit Bank	26897.4	112		N/R	N/R		625.7	645.9	-3.1	0.2	3878	31/3/94
17	14	Asahi Bank	26792.2	112		N/R	N/R		472.4	640.7	-26.3	1.0	14918	31/3/94
18	18	Seven-eleven Japan Co Ltd	26661.5	493	72	1981.4	1842.7	7.5	1005.0	965.2	4.1	16.7	2182	28/2/94
19	23	Mitsubishi Heavy Industries	26261.9	592	19	25249.3	25156.8	0.4	1412.3	1618.5	-12.7	5.9	45353	31/3/93
20	16	Tokai Bank Ltd	24861.4	112		N/R	N/R		493.5	678.3	-27.2	1.3	12262	31/3/94
21	15	Kansai Electric Power Co Inc	24530.1	221	22	23972.4	23674.5	1.3	1316.6	1321.6	-0.4	1.8	25561	31/3/93
22	22	Toshiba Corporation	24256.2	551	14	32974.7	31904.5	3.4	544.2	555.2	-2.0	3.1	74558	31/3/94
23	20	Ito-yokado Co Ltd	22193.3	493	16	30734.5	29598.7	3.8	1834.1	2062.1	-11.1	5.9	33077	28/2/94
24	34	Sony Corporation	21801.7	402	30	17196.3	18933.5	-9.2	309.3	463.3	-33.2	2.4	23245	31/3/94
25	28	Nissan Motor Co Ltd	20580.9	401	11	39462.1	43245.8	-8.7	-187.7	814.5			53071	31/3/93
26	36	Sharp Corporation	19780.9	402	34	15274.2	15746.0	-3.0	589.1	841.5	-30.0	3.1	41836	31/3/93
27	29	Daiwa Securities Ltd	19729.4	121		N/R	N/R		526.9	-73.6		2.7	8995	31/3/94
28	27	Mitsubishi Trust & Banking	19649.9	122		N/R	N/R		461.1	551.7	-16.4	2.0	6782	31/3/94
29		East Japan Railways	19645.6	304	26	19993.4	20059.4	-0.3	1027.9	1021.8	0.6	9.8	79679	31/3/94
30	26	Mitsubishi Corporation	19515.9	511	5	151863.7	183510.4	-17.2	240.6	1054.8	-77.2	0.7	9827	31/3/93
31	39	Fujitsu Ltd	19131.6	531	15	31790.7	35057.5	-9.3	265.6	-98.8			163990	31/3/94
32	24	Chubu Electric Power Co Inc	18833.0	221	27	19804.9	19874.8	-0.4	819.5	957.4	-14.4	2.9	20586	31/3/94
33	40	Nec Corporation	18563.3	551	13	36251.0	35594.7	1.8	264.3	-381.7		0.5	147910	31/3/94
34	32	Sumitomo Trust & Banking Co	18516.8	112		N/R	N/R		396.7	499.1	-20.5	1.7	7345	31/3/94
35	25	Tokio Marine & Fire Ins	18485.7	152		N/R	N/R		1045.8	413.6	152.8	2.0		31/3/93
36		DDI	18286.2	223	66	2971.7	2336.3	27.2	229.3	243.9	-6.0	9.8	2747	31/3/94
37	30	Seibu Railway Co Ltd	17595.3	304	71	2188.6	2159.1	1.4	17.2	57.5	-70.1	0.1	5610	31/3/93
38	42	Nippondenso Co Ltd	17001.3	571	35	14457.6	15430.7	-6.3	689.2	981.3	-29.8	2.6	56622	31/12/93
39	35	Nikko Securities Co Ltd	16653.2	121		N/R	N/R		354.6	25.6	1282.9	2.1	9205	31/3/94
40	38	Honda Motor Co Ltd	16277.3	401	12	39116.1	41847.4	-6.5	474.8	896.9	-47.1	1.5	31036	31/3/94
41	33	All Nippon Airways Co Ltd	15924.6	301	54	9000.7	8861.5	1.6	100.6	208.3	-51.7		14531	31/3/93
42	47	Mitsubishi Estate Ltd	15655.9	161		N/R	N/R		715.5	929.2	-23.0	2.5	1815	31/3/93
43	31	Daiwa Bank	15446.9	112		N/R	N/R		414.6	385.2	7.6	1.0	9897	31/3/94
44	58	Mitsubishi Electric Corporation	15253.2	551	20	24243.9	25251.8	-4.0	304.4	327.4	-7.0	1.9	49842	31/3/94
45	67	Kawasaki Steel Corporation	14751.3	633	47	11059.2	12233.6	-9.6	3.3	327.9	-99.0	0.0	16119	31/3/93
46	44	Asahi Glass Co Ltd	14448.9	591	42	12428.4	13334.6	-6.8	230.5	502.7	-54.1	0.9	9684	31/12/93
47	62	Canon Inc	14185.9	534	28	18593.8	19386.5	-4.1	607.9	1029.2	-40.9	1.6	20547	31/12/93
48		Japan Telecom	13904.8	223	67	2539.2	2062.5	23.1	164.4	200.8	-18.1	12.1	2527	31/3/94
49	51	Dai Nippon Printing Co Ltd	13588.2	471	43	12072.0	12601.1	-4.2	1020.0	989.1	3.1	5.6		31/3/93
50	52	Japan Air Lines Co Ltd	13456.9	301	41	12726.2	13000.4	-2.1	-401.0	-555.8			21398	31/3/94
51	61	Kyocera Corporation	13365.6	551	65	4331.1	4370.6	-0.9	692.5	498.1	39.0	6.3	13470	31/3/94
52	41	Mitsui Trust & Banking	13348.0	122		N/R	N/R		134.9	238.8	-43.5	0.9	6254	31/3/94
53	57	Mitsui & Co Ltd	13273.8	511	4	156920.8	163682.6	-4.1	332.7	518.5	-35.8	1.2	8929	31/3/93
54	46	Kinki Nippon Railway Co Ltd	13171.7	304	69	2488.1	2470.4	0.7	211.7	242.5	-12.7	2.9	12568	31/3/93
55	43	Tokyo Gas Co Ltd	12947.2	222	56	7973.3	7820.7	2.0	361.8	505.3	-28.4	1.9	12773	31/3/93
56	37	Tohoku Electric Power Co Inc	12806.7	221	39	12926.4	12586.6	2.7	964.7	900.1	7.2	2.1	13060	31/3/93
57	48	Kirin Brewery Co Ltd	12256.7	421	36	13834.0	15494.1	-10.7	783.0	993.5	-21.2	6.2	8104	31/12/92
58		Mitsubishi Chemical	12195.8	621	44	11958.2	7364.4	62.4	146.6	59.1	148.1	0.8		31/3/93
59	70	Bridgestone Corporation	12117.9	574	33	16194.1	17672.5	-8.4	725.1	914.1	-20.7	3.5	87332	31/12/93
60	50	Kyushu Electric Power Co Inc	11980.6	221	40	12778.5	12280.9	4.1	881.3	807.5	9.1	1.5	13705	31/3/93
61	45	Fuji Photo Film Co Ltd	11621.3	463	53	9205.2	9264.3	-0.6	1499.6	1666.7	-10.0	9.2	11929	31/10/92
62		Daiei	11563.6	491	24	20996.5	20407.4	2.9	223.0	243.5	-8.4	4.4	18667	28/2/94
63	69	Asahi Chemical Industry Co Ltd	11421.9	622	45	11660.6	12476.1	-6.5	186.6	358.5	-47.9	1.2	28447	31/3/94
64	60	Nippon Express Co Ltd	11420.1	302	32	16775.0	17266.6	-2.8	704.3	779.2	-9.6	6.0	51538	31/3/94
65	63	Nippon Credit Bank Ltd	11334.9	112		N/R	N/R		210.9	283.5	-25.6	2.6	2663	31/3/94
66	81	Fanuc Ltd	11220.8	552	73	1075.0	1192.1	-9.8	232.8	296.1	-21.4	2.9	2212	31/3/94
67	55	Shizuoka Bank Ltd	11161.0	112		N/R	N/R		431.3	448.7	-3.9	5.0	5338	31/3/94
68	74	Sumitomo Metal Industries Ltd	11148.0	634	31	17089.1	18411.0	-7.2	-21.0	388.7		0.1		31/3/93
69	82	Sanyo Electric Co Ltd	11099.2	402	48	10947.0	16363.4	-33.1	90.9	404.2	-77.5	0.7	30725	30/11/92
70	53	Osaka Gas Co Ltd	11034.3	222	58	6328.1	6241.7	1.4	359.1	439.9	-18.4	2.6	10710	31/3/93
71	86	Toray Industries Inc	10921.9	621	60	5874.6	6067.5	-3.2	425.7	451.9	-5.8	4.5	10382	31/3/93
72	80	Kubota Corporation	10484.5	565	51	9919.1	9522.9	4.2	276.4	178.1	55.2	2.6	16046	31/3/94
73	84	Itochu Corporation	10464.5	511	3	163392.4	187638.7	-12.9	311.6	504.6	-38.3	0.5	7434	31/3/94
74	77	Sumitomo Electric Industries	10464.1	541	46	11511.0	11718.9	-1.8	540.6	616.0	-12.2	4.2	15400	31/3/93
75	71	Sumitomo Corporation	10455.4	633	1	172154.8	182551.5	-5.7	255.6	499.4	-48.8	0.4	9212	31/3/94
76	73	Nkk Corporation	10419.1	633	29	18004.0	18821.2	-4.3	-407.0	-121.3			22214	31/3/94
77	54	Bank Of Yokohama Ltd	10368.0	112		N/R	N/R		147.5	209.6	-29.6	0.5	6292	31/3/94
78	59	Takeda Chemical Industries Ltd	10286.8	433	57	7370.6	7292.6	1.1	945.0	866.5	9.1	7.1	11089	31/3/94
79	56	Sankyo Co Ltd	10163.1	433	63	5255.1	3640.5	44.4	730.2	521.2	40.1	9.9		31/3/93
80	83	Toppan Printing Co Ltd	9869.3	471	55	8533.1	9066.8	-5.9	516.0	655.9	-21.3	4.6	14010	31/3/93
81	64	Yasuda Trust & Banking	9752.8	121		N/R	N/R		118.5	182.2	-35.0	0.5	5328	31/3/94
82	65	Tonen Corporation	9690.0	214	64	5115.3	5647.3	-9.4	345.3	331.9	4.0	6.7	2280	31/12/93
83	92	Kajima Corporation	9549.8	613	25	19996.1	21856.4	-8.5	171.1	755.0	-77.3	0.1	14566	31/3/94
84	93	Kobe Steel Ltd	9504.1	633	37	13509.4	14738.3	-8.3	55.8	533.2	-89.5		20209	31/3/93
85		Yamaichi Securities	9485.6	121		N/R	N/R		180.9	-378.3		3.1	8750	31/3/94
86	66	Mitsui Fudosan Co Ltd	9271.9	161		N/R	N/R		287.3	549.0	-47.7	0.9	5683	31/3/93
87		Sumitomo Chemical	9212.7	622	49	10311.1	10989.7	-6.2	355.8	250.6	42.0	2.6		31/12/92
88		Komatsu Ltd	9170.0	564	62	5323.6	5986.3	-11.1	191.5	249.2	-23.1	1.8	9330	31/3/93
89	68	Chugoku Electric Power Co Inc	9062.0	221	52	9817.7	9921.2	-1.0	490.5	577.0	-15.0	0.9	11089	31/3/94
90	79	Ajinomoto Co Inc	8671.9	451	59	5893.4	6858.6	-14.1	259.5	223.4	16.2	3.4	5046	31/3/94
91	72	Nippon Oil Co Ltd	8557.3	214	17	28808.9	28613.3	0.7	763.4	901.3	-15.3	2.4	11044	31/3/93
92	78	Toyo Trust & Banking Co	8516.1	121		N/R	N/R		94.9	209.3	-54.7	0.7	7345	31/3/94
93		Mitsubishi Motors	8439.3	401	18	26490.7	25863.8	2.4	399.3	437.7	-8.8	3.0	27603	31/3/93
94		Marubeni Corporation	8302.0	511	2	170771.3	184714.5	-7.5	340.3	288.2	18.1	0.9	7218	31/3/93
95		Murata Manufacturing	8289.5	551	70	2382.7	2277.1	4.6	258.0	224.9	14.7	5.1	4378	31/3/94
96	49	Nintendo Co Ltd	8277.2	462	61	5698.7	5139.2	10.9	1658.8	1583.8	4.7	22.1	874	31/3/93
97	75	Sekisui House Ltd	8027.8	614	38	13107.7	11380.0	15.2	767.1	720.5	6.5	3.8	12632	31/1/94
98		Shimizu Corporation	7952.6	613	23	21957.3	21571.8	1.8	543.5	1094.6	-50.3	3.7	11951	31/3/93
99	89	Matsushita Electric Works Ltd	7882.6	541	50	10134.9	10330.3	-1.9	398.8	725.2	-45.0	2.6	19076	30/11/92
100	99	Secom Co Ltd	7760.3	481	68	2518.8	2201.7	14.4	347.5	317.1	9.6	4.1		31/3/93

Telecom companies point the way

FT500

GUIDE TO BUSINESS RANKINGS

How to read the tables

An annual snapshot of Europe's leading companies

The FT500, now in its 13th year of publication, has come to be recognised as the principal guide to business rankings in Europe.

It lists the 500 largest quoted companies in Europe, ranked by their size at the end of September each year. A second table does the same for UK companies listed on the London Stock Exchange. The 500 thus provides an annual snapshot of Europe's leading quoted companies.The key distinguishing feature of the FT500 is that it ranks a company by its market capitalisation. That is the number of shares the company has in issue, multiplied by the market price of those shares.

There are several ways to calculate a company's size – and all of them have drawbacks. Many tables base size on turnover. But this approach does not allow proper representation for banks and some other financial services companies and tends to exaggerate the importance of commodities' trading businesses.

Another approach is to rank companies by profits, but such a table will exclude large companies which have moved temporarily into loss.

Ranking by the number of a company's employees can also provide some insight into size, but says nothing about the dynamism of the business.

A table based on market capitalisation overcomes many of these problems: it gives a proper weighting to banks; it takes account of loss-makers; it is calculated at a single moment in time; and it gives an insight into the dynamism of a business because it is based on investors' views of the company, as reflected in its share price. Since investors buy shares with an eye to the future, capitalisation rankings are also forward-looking, offering a rough guide to markets' expectations of a company's performance.

All that said, capitalisation rankings have drawbacks too. The main one is that they exclude businesses which do not have a stock market quotation – that is to say privately-owned companies and state-run businesses.

Rankings by turnover clearly represent a useful, different way of slicing up the European corporate body and the FT500 survey therefore includes this measure as well: the main table contains a figure showing where each of the constituents of the 500 (excluding banks and certain other financial services companies) ranks by turnover. Separate tables (on pages 37 and 38) rank the top 200 companies in Europe and the UK by turnover, irrespective of whether they are quoted.

A further complication with any international ranking system is that the market capitalisation figures from many different countries must be translated into a common currency. The FT500 uses the US dollar, and a company's position in the table will be affected by movements in the value of its national currency against the dollar. A table on page 20 covers currency movements.

This is just one of many definitional factors which will affect a company's precise position in the FT500. Other important ones to note are:

● Rankings: The rankings of the European 500, UK 500 and the US and Japanese 100 tables are based on market capitalisation at the end of September 1994. Preference capital has been excluded from this calculation.

● Companies in which more than 75 per cent of the equity is held by one other concern, or that have only a minimal proportion of their capital openly traded on the market, have been excluded.

The main source for the European and UK capitalisation tables was FT Analysis, with additional information from Datastream International, local stock exchanges, and the FT World Actuaries Index. The source for the US and Japan capitalisation tables was Standard & Poor's Compustat Services.

The ranking of companies having the same capitalisation has been determined by reference to their turnover or, where necessary, their profit.

Figures in the European, US and Japanese tables are in US dollars, using September 1994 average exchange rates. For ease of comparison, turnover and profit figures for the previous year are also shown at September 1994 average exchange rates. UK 500 figures are in sterling.

● Accounts. Consolidated accounts have been used wherever possible. When parent company accounts only have been reported, these figures have been used and annotated.

Turnover is shown net of sales tax and inter-group sales. The turnover rankings given in the European and UK 500 tables and the US and Japan 100 tables are for constituents of those tables only and are based on turnover in companies' latest financial year.

With the exception of the US table, profit is disclosed profit before tax and minority interest. For the UK companies, it is also before extraordinary items. For the US, the table follows American convention and shows net income.

Return on capital employed (ROCE) is based on pre-tax profit plus interest divided by capital employed at the beginning of the financial year. ROCE is not calculated if pre-tax loss plus interest payment reflects a loss. For banks, capital employed is equivalent to shareholders' funds.

● UK Investment Trusts. The rankings are based on market capitalisation at the end of September 1994. The shareholders' funds figure is based on the number of shares in issue and the stated net asset value. This table has been compiled with the assistance of NatWest Securities.

● Other tables. On mathematical grounds, tables which show the largest percentage increases and decreases in profit do not include companies which have moved from profit to loss, and vice versa, so these tables should not be regarded as constituting a list of "worst performers". There are separate tables showing the largest movements from loss to profit, and vice versa, but these are expressed in currency terms rather than as a percentage.

Martin Dickson

Symbols in the tables

a ROCE based on shareholders' funds after charging interest on loan capital not stated separately
N/R, n/a Not relevant, not available
+ ROCE based on capital employed at year-end
" Previous year's figures adjusted for accounting changes
Parent company accounts
y Employees at year end
< ROCE based on shareholders' funds
* See footnotes
♣ Free annual reports service (telephone + 44 (0) 181 770 0770 or fax + 44 (0) 181 770 3822)

EUROPEAN 500

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Ranking 1994	1993	Company	Country	Market capital $m	Sector	Turnover: Rank	This year $m	Last year $m	Per cent change	Profit: this year $m	Last year $m	Per cent change		ROCE	Employees	Year ending
1	1	Royal Dutch/Shell	N/uk	94088.8	212	1	99170.3	86139.8	15.1	9058.2	8317.2	8.9		12.6	117000	31/12/93
2	3	Roche Holding	Swi	44999.5	622	86	11102.1	10045.8	10.5	2430.6	2075.4	17.1		16.2 y	56082	31/12/93
3	2	BT	UK	36488.3	223	24	21407.3	20729.5	3.3	4314.3	3087.0	39.8		18.8	165700	31/03/94
4	6	Nestle	Swi	35388.7	451	6	44583.5	42267.7	5.5	3601.7	3462.9	4.0		22.5 y	209755	31/12/93
5	9	British Petroleum	UK	34328.0	212	3	54712.0	52050.7	5.1	2038.2	175.3	1062.5		9.2	84500	31/12/93
6	4	Allianz Holding	Ger	33955.5	151		N/R	N/R		1202.1	945.1	27.2			69859	31/12/93
7	5	Unilever plc/NV	N/uk	32844.9	451	7	43617.7	38666.2	12.8	3041.6	3176.3	-4.2		23.3	294000	31/12/93
8	8	HSBC Holdings	UK	28458.6	112		N/R	N/R		4045.1	2683.2	50.8	<	35.1	104027	31/12/93
9	7	Glaxo Holdings	UK	27984.3	433	81	8864.1	7717.8	14.7	2880.4	2622.1	9.9		33.8	47189	30/06/94
10	14	Daimler-Benz	Ger	24465.1	401	2	63100.9	63825.2	-0.8	729.6	1316.1	-44.5		4.9	371107	31/12/93
11	15	Union Bank of Switzerland	Swi	24462.9	112		N/R	N/R		2362.3	1490.8	58.5	<	18.8 y	27500	31/12/93
12	10	Siemens	Ger	22488.2	641	4	52713.6	50886.9	4.0	1980.0	2084.0	-8.9		6.2 y	391000	30/09/93
13	11	BAT Industries	UK	21056.2	171	16	27988.4	25056.4	11.7	2831.9	2575.1	10.0		7.1	190308	31/12/93
14	12	Deutsche Bank	Ger	20871.6	112		N/R	N/R		2777.8	2197.7	26.4	<	24.9	64559	31/12/93
15	20	Generali (Assicurazioni)	Ita	20477.6	151		N/R	N/R		874.1	626.1	39.6			34361	31/12/93
16	13	British Gas	UK	20262.7	222	37	16258.6	16052.0	1.3	-959.8	1324.4				79358	31/12/93
17	17	Elf Aquitaine	Fra	19907.5	212	9	39578.6	37858.5	4.5	603.6	2033.9	-70.3		1.7	94300	31/12/93
18	21	Sandoz	Swi	18664.9	433	61	11710.9	11180.4	4.7	1701.8	1535.6	10.8		18.0 y	52550	31/12/93
19	19	Hanson	UK	18386.1	171	41	16278.6	13772.7	10.9	1590.5	2013.1	-21.0		10.1	71000	30/09/93
20	22	Marks and Spencer	UK	17692.3	491	68	10239.8	9315.6	9.9	1333.0	1152.9	15.6		23.2	62120	31/03/94
21	16	BTR	UK	17361.6	591	40	15297.4	13840.0	10.5	2008.9	1687.5	18.9		22.7	129814	31/12/93
22	23	Smithkline Beecham	UK	17213.0	433	72	9649.3	8170.0	18.1	1909.8	1704.8	12.0		38.2	52700	31/12/93
23	33	Veba	Ger	16162.9	171	8	42836.4	42235.5	1.4	983.9	1204.3	-18.3		4.7 y	128348	31/12/93
24	26	Ciba	Swi	15784.6	622	29	17584.0	17220.4		1889.9	1178.8			11.4	87480	31/12/93
25	0	Telecom Italia	Ita	15741.9	223	44	14946.6	13765.4	8.6	938.3	595.7	57.7		21.7	86991	31/12/93
26	34	Bayer	Ger	15420.3	622	19	26474.9	26596.3	-0.5	1519.6	1738.7	-12.6		8.8	153866	31/12/93
27	46	RTZ Corporation	UK	14670.1	634	140	4984.3	5084.5	-2.0	681.0	815.6	-16.5		10.4	59975	31/12/93
28	31	Barclays	UK	14528.6	112		N/R	N/R		1039.4	-378.8		<	18.2	99000	31/12/93
29	32	Astra	Swe	14455.6	433	210	3005.4	2070.3	45.2	1039.7	680.9	52.7		52.3	12813	31/12/93
30	29	Guinness	UK	14417.6	421	94	7299.6	6830.0	6.9	1099.9	1244.5	-11.7		17.8	23275	31/12/93
31	51	LVMH	Fra	14294.3	422	155	4496.1	4088.2	10.0	1012.1	823.9	22.8		20.9	15826	31/12/93
32	27	Muenchener Ruckversicherungs	Ger	14016.6	151		N/R	N/R		345.6	311.2	11.1			16943	30/06/93
33	85	Fiat	Ita	13998.8	401	11	34840.9	34894.6	-0.2	-663.9	524.3			y	260951	31/12/93
34	47	ABB Asea Brown Boveri	Swe/I	13954.3	541	15	28316.0	29615.0	-4.4	596.0	946.0	-37.0		9.6	206490	31/12/93
35	0	KPN	Net	13898.9	223	76	9355.6	8996.8	4.0	1481.2	1472.0	0.6		14.1 y	94314	31/12/93
36	36	CS Holding	Swi	13761.7	112		N/R	N/R		2263.8	1327.0			34.5	n/a	31/12/93
37	24	Cable & Wireless	UK	13702.3	223	92	7366.3	5989.0	22.8	1703.7	1437.1	18.6		22.6	41348	31/03/94
38	18	Alcatel Alsthom	Fra	13517.8	533	14	29509.8	30518.3	-3.3	1871.6	2066.2	-9.4		15.0 y	196500	31/12/93
39	28	Grand Metropolitan	UK	13328.8	421	53	12711.3	12387.3	2.6	988.2	1429.2	-31.0		20.5	87163	30/09/93
40	35	Total	Fra	13168.2	212	21	25573.0	25786.3	-0.8	913.6	905.5	0.9		10.2	49772	31/12/93
41	41	Reed Elsevier	Nuk	13032.5	472	159	4377.0	3852.5	13.6	835.9	645.0	29.6		25.0	25700	31/12/93
42	30	National Westminster Bank	UK	12701.1	112		N/R	N/R		1548.2	574.5	169.5	<	23.5	98000	31/12/93
43	45	Telefonica	Spa	12672.8	223	70	10087.4	9399.3	7.3	942.4	734.4	28.3		9.6	84056	31/12/93
44	55	Hoechst	Ger	12576.0	622	13	29728.8	29614.6	0.4	792.2	1361.0	-41.8		6.6	172483	31/12/93
45	25	General Electric Company	UK	12513.0	541	79	9065.4	8785.2	3.2	1355.7	1351.0	0.3		21.5	86121	31/03/94
46	54	Reuters Holdings	UK	12398.7	474	215	2933.6	2454.6	19.5	688.8	599.6	14.9		47.6	10811	31/12/93
47	42	L'Oreal	Fra	12005.1	432	89	7561.1	7091.3	6.9	781.1	702.1	11.3		23.7	32261	31/12/93
48	52	Zeneca	UK	11951.8	433	100	6960.5	6228.9	11.8	1008.0	159.7	529.4		48.3	32300	31/12/93
49	65	STET	Ita	11839.4	171	25	19019.8	17353.4	9.6	2097.3	1760.7	19.1		12.4	139101	31/12/93
50	49	Internationale Nederlanden Group	Net	11774.3	121		N/R	N/R		1624.6	1374.1	18.2	a	18.1	49030	31/12/93
51	63	BASF	Ger	11658.8	622	20	26191.7	27072.6	-3.3	682.8	800.2	-14.7		4.8	115010	31/12/93
52	37	Ericsson LM	Swe	11524.4	533	84	8371.9	6252.9	33.9	470.6	206.1	128.3		14.0	66895	31/12/93
53	39	Sainsbury J	UK	11288.8	493	38	16587.3	15162.0	9.3	577.3	1147.2	-49.7		10.4	124841	12/03/94
54	50	Dresdner Bank	Ger	11160.6	112		N/R	N/R		1131.5	974.6	16.1	<	18.6	46425	31/12/93
55	44	Lloyds Bank	UK	11058.6	112		N/R	N/R		1614.0	1253.9	28.7	<	43.2	67182	31/12/93
56	48	Endesa	Spa	10958.5	221	124	5728.7	5446.4	5.1	1328.1	1201.3	10.4		18.9	16140	31/12/93
57	38	Swiss Bank Corporation	Swi	10636.3	112		N/R	N/R		1323.1	989.6	33.7	<	14.3	23577	31/12/93
58	57	ABN Amro Holding	Net	10235.0	112		N/R	N/R		1823.9	1477.2	23.5	a	19.7	60451	31/12/93
59	75	Carrefour	Fra	10168.5	493	22	23268.1	22111.3	5.2	818.8	450.6	81.7		28.1	81600	31/12/93
60	86	Philips	Net	10133.1	541	12	33877.6	33705.9	0.5	878.8	-286.8			7.8	252214	31/12/93
61	40	Generale des Eaux	Fra	9925.9	221	17	27862.8	27065.5	2.9	877.9	768.2	14.3		17.7	204307	31/12/93
62	61	RWE	Ger	9844.6	221	10	35993.3	34278.5	5.0	1403.6	1430.0	-1.9		4.8	117958	30/06/94
63	81	Saint-Gobain	Fra	9669.9	611	47	13503.8	13969.6	-3.3	388.3	710.5	-45.4		8.1	90172	31/12/93
64	53	Danone	Fra	9510.6	451	51	13233.7	13371.8	-1.0	1045.4	1173.0	-10.9		19.8	50419	31/12/93
65	71	Imperial Chemical Industries	UK	9412.0	622	35	16643.7	16980.7	-11.8	595.6	-601.1			8.4	87100	31/12/93
66	74	Vodafone	UK	9409.3	223	320	1241.8	1039.6	19.5	568.8	504.8	12.7		64.2	3117	31/03/94
67	77	National Power	UK	9228.8	221	128	5699.7	6806.5	-16.3	1059.8	908.0	16.7		21.9	6955	27/03/94
68	89	Mannesmann	Ger	9176.7	566	27	18053.2	18088.8	-0.2	-243.1	186.3				131422	31/12/93
69	66	Repsol	Spa	9143.2	212	32	16850.3	14405.1	17.0	951.0	912.8	4.2		21.3	19739	31/12/93
70	76	Allied Domecq	UK	9130.8	421	83	8650.8	8243.6	4.9	948.7	790.5	20.0		17.0	71824	05/03/94
71	60	Electrabel	Bel	9045.7	221	114	6303.2	6187.6	1.9	1031.6	944.3	9.3		13.8 y	16193	31/12/93
72	99	Bayerische Motoren Werke	Ger	8961.5	401	26	18733.3	20169.6	-7.1	457.1	861.3	-46.9		6.2	66201	31/12/93
73	67	Great Universal Stores	UK	8958.7	493	145	4843.9	4399.5	10.1	812.3	743.6	9.2		14.4	30154	31/03/94
74	58	Prudential Corporation	UK	8835.3	141		N/R	N/R		922.0	635.6	45.1			21114	31/12/93
75	59	Wellcome	UK	8829.1	433	197	3194.6	2758.3	15.8	1044.3	715.4	46.0		44.6	17571	31/08/93
76	72	L'Air Liquide	Fra	8808.2	621	123	5733.7	5648.8	1.5	682.7	686.6	-0.6		14.0	28000	31/12/93
77	78	Boots Company	UK	8591.6	492	109	6523.3	6202.4	5.2	651.1	634.3	2.6		22.8	80099	31/03/94
78	0	Banque Nationale de Paris	Fra	8582.1	112		N/R	N/R		292.9	666.7	-56.1		3.6	57097	31/12/93
79	64	Societe Generale	Fra	8489.7	112		N/R	N/R		1100.7	964.6	14.1	a	13.8	44362	31/12/93
80	104	Norsk Hydro	Nor	8394.5	214	78	9176.1	8545.1	7.4	751.8	218.5	244.0		16.0 y	32455	31/12/93
81	133	Akzo Nobel	Net	8348.7	622	75	9507.5	9625.0	-1.2	454.6	547.2	-16.9		10.9	61600	31/12/93
82	70	Zurich Insurance	Swi	8322.9	151		N/R	N/R		757.3	651.3	16.3		y	38260	31/12/93
83	136	Volvo	Swe	8040.8	401	45	14781.8	11037.9	33.9	-361.3	-631.5			y	73641	31/12/93
84	69	Abbey National	UK	7988.9	112		N/R	N/R		1102.1	882.9	24.8	<	24.2	19046	31/12/93
85	118	Viag	Ger	7962.5	622	39	15322.9	15695.5	-2.4	357.0	475.9	-25.0		5.7	82871	31/12/93
86	0	Polygram	Net	7805.8	461	163	4270.9	3810.6	12.1	533.9	449.2	18.8		62.8 y	11223	31/12/93
87	83	BAA	UK	7793.3	306	266	1716.8	1490.3	15.3	504.1	446.1	13.0		12.6	8498	31/03/94
88	95	Tesco	UK	7643.1	493	48	13462.6	11868.3	13.4	681.7	873.5	-22.0		14.0	93339	26/02/94
89	56	U.A.P.	Fra	7474.9	151		N/R	N/R		578.7	510.8	13.3			43832	31/12/93
90	88	Volkswagen	Ger	7425.9	401	5	49445.4	55137.8	-10.3	-1058.2	388.7				253108	31/12/93
91	100	Peugeot	Fra	7404.8	401	18	27461.7	29339.3	-6.4	-497.9	804.1			y	143900	31/12/93
92	62	Suez (Compagnie Financiere de)	Fra	7368.8	112		N/R	N/R		1359.8	242.0	461.9	a	15.7	67000	31/12/93
93	105	Commerzbank	Ger	7323.7	112		N/R	N/R		797.3	798.0	-0.1	a	17.3	26726	31/12/93
94	79	Rhone-Poulenc	Fra	7220.9	622	42	15207.4	15423.5	-1.4	853.4	874.2	-2.4		16.1	81678	31/12/93
95	68	Axa	Fra	7166.1	171		N/R	N/R		765.6	558.8	37.1			43340	31/12/93
96	91	Petrofina	Bel	7155.7	212	31	16966.5	16853.6	0.7	449.8	284.4	58.2		6.7	14696	31/12/93
97	73	Paribas	Fra	7088.3	112		N/R	N/R		812.6	687.3	18.2	<	13.4 y	24999	31/12/93
98	93	Bass	UK	7041.9	421	99	6967.8	6742.3	3.3	795.2	740.5	7.4		12.5	81105	30/09/93
99	102	Swiss Reinsurance Group	Swi	6598.4	151		N/R	N/R		481.6	387.0	24.4			26364	31/12/93
100	87	Thorn Emi	UK	6574.0	461	102	6719.0	6969.6	-3.6	511.1	428.1	19.4		31.3	41423	31/03/94
101	111	Powergen	UK	6479.4	221	154	4589.9	4990.6	-8.0	745.1	665.3	12.0		20.6	4782	03/04/94
102	131	Lafarge Coppee	Fra	6419.6	611	122	5744.0	5748.0	-0.1	440.6	370.9	18.8		14.5 y	30572	31/12/93
103	120	Aegon	Net	6401.3	151		N/R	N/R		728.5	634.1	14.9			18734	31/12/93
104	101	Banco de Santander	Spa	6103.3	112		N/R	N/R		899.8	781.9	15.1	a	37.7	20681	31/12/93
105	0	INA	Ita	5939.2	151		N/R	N/R		146.9	124.2	17.5			4582	31/12/93
106	121	P & O Steam Navigation	UK	5877.2	303	80	8995.0	8654.4	3.9	819.8	423.3	93.7		17.0	51755	31/12/93
107	103	Cadbury Schweppes	UK	5853.8	451	119	5830.9	5279.3	10.4	651.7	520.8	25.1		35.1	39066	01/01/94
108	90	Alleanza	Ita	5829.1	151		N/R	N/R		280.7	135.1	107.7		y	3410	31/12/93
109	108	Iberdrola	Spa	5789.0	221	115	6182.3	6073.4	1.8	621.6	638.1	-2.6		9.2	15861	31/12/93
110	248	Bankgesellschaft Berlin	Ger	5771.1	112		N/R	N/R		183.2	82.7	121.6		11.3 y	4674	31/12/93
111	80	AGF	Fra	5752.1	151		N/R	N/R		306.5	448.1	-31.6			21779	31/12/93
112	179	Minorco	Lux	5724.7	641	201	3136.0	2776.0	13.0	308.8	340.0	-9.2		7.8	n/a	30/06/94
113	116	Fortis	Be/Ne	5698.7	151		N/R	N/R		749.4	676.3	11.0		y	32920	31/12/93
114	146	Thyssen	Ger	5698.6	633	23	21629.8	23084.2	-6.3	-557.8	477.5				148272	30/09/93
115	97	Bayerische Hypo. & Wechsel Bk	Ger	5684.7	112		N/R	N/R		639.1	534.4	19.6	a	16.8	16365	31/12/93
116	92	Banco Bilbao Vizcaya	Spa	5675.3	112		N/R	N/R		901.9	863.1	4.5	a	17.5	29253	31/12/93
117	94	Bayerische Vereinsbank	Ger	5510.1	112		N/R	N/R		680.6	507.8	34.0	a	14.4	21350	31/12/93
118	143	Heineken	Net	5485.4	421	134	5211.2	5150.7	1.2	469.0	417.2	12.4		15.6	21878	31/12/93
119	147	British Steel	UK	5448.4	633	107	6560.7	6730.1	-2.6	125.2	-233.2			2.8	41300	02/04/94
120	0	Vendome	UK	5440.0	495	278	1847.2	1614.0	14.5	306.8	297.4	3.2		16.1	n/a	31/03/94
121	109	British Airways	UK	5398.9	301	71	9866.9	8713.2	13.2	471.2	289.6	62.7		12.9	49628	31/12/93
122	140	Rank Organisation	UK	5214.8	461	190	3298.1	3150.3	4.7	433.0	196.9	119.9		14.8	41029	31/10/93
123	112	TSB Group	UK	5211.6	112		N/R	N/R		471.2	7.8	5920.0	<	22.8	33484	31/10/93
124	144	Royal Bank of Scotland Group	UK	5203.7	112		N/R	N/R		415.2	19.7	2004.8	<	19.7	22701	30/09/93
125	96	Allianz Lebensversicherungs	Ger	5190.6	151		N/R	N/R		134.8	95.0	41.4		y	4830	31/12/93

NOTES

24 Ciba this year's and last year's figures not comparable due to changes in accounting policy.

25 Telecom Italia merger of SIP, Iritel, Italcable, S.I.R.M. and Telespazio. Account figures are for SIP only.

32 Muenchener Ruckversicherungs last year's figures adjusted due to changes in scope of consolidation.

35 KPN Stock exchange listing 6/94.

36 CS Holding 1993 results include full consolidation of Swiss Volksbank.

47 L'Oreal ROCE based on pre-tax profit and net interest.

64 Danone formerly BSN Groupe. ROCE based on pre tax profit and net interest.

70 Allied Domecq formerly Allied-Lyons

74 Prudential Corporation employees = UK average.

78 Banque Nationale de Paris stock exchange listing 10/93. Figures not comparable due to changes in accounting policy.

81 Akzo Nobel formerly Akzo. Merger with Nobel Industries November 1993. Figures are for Akzo only.

105 INA stock exchange listing 6/94.

107 Cadbury Schweppes last year's figures for 53 weeks to 2/1/93.

108 Alleanza employees = parent company.

110 Bankgesellschaft Berlin merger of Berliner Bank, Landesbank Berlin and Berliner Hypotheken- und Pfandbriefbank effective January 1994. Figures are for Berliner Bank.

112 Minorco 1994 figures are interim for 12 months. Year end changed to December. 1993 figures are restated to reflect assets swap with Anglo American and De Beers.

120 Vendome Reorganisation of tobacco and luxury goods interests of Rothmans, Richemont AG and Dunhill Holdings. Listing 10/93.

FINANCIAL TIMES FRIDAY JANUARY 20 1995

JAPAN

World number one stays well ahead

Michiyo Nakamoto reports on noteworthy trends that reveal the mixed fortunes of the country's big companies

The rankings of Japanese corporations in the FT500 this year provide a clear picture of the mixed fortunes of companies amid a mild economic recovery. This has highlighted the gap between the best and worst performers.

The position of giants, such as NTT, number one in the Japanese rankings, appears unassailable.

Indeed, NTT is the largest company in the world by market capitalisation and the largest telecommunications operator with revenues from telecommunications of Y6.65bn last year compared with Y3.99bn at AT&T of the US.

The telecoms operator has maintained its number one status despite a worsening business environment in its domestic market, a 66 per cent fall in recurring profits this year at the mid-term and further pressure on the company by regulators keen to promote competition in Japan's telecommunications market.

The share price has languished at under Y1m, after hitting a peak of Y3.18m in 1987 the year after NTT was floated by the government, but analysts believe that better days may be ahead for the stock.

For one thing, the value of NTT's mobile phones subsidiary, DoCoMo, is not fully reflected in the parent company's share price, analysts say. DoCoMo, which provides the only fully nationwide mobile network, is expected to start making substantial contributions as it passes the heavy initial investment phase, notes Mr Barry Dargan, industry analyst at SG Warburg.

Moves to upgrade NTT's network, which are being spurred by excitement over multimedia, could also put the company in a leading position in advanced services and increase the company's value added. SG Warburg believes the incremental value-added from multimedia services could be as high as Y1.7m per share.

The likelihood that NTT could be split up, after a government review of the company's future structure due next year, has also encouraged revaluation of NTT shares in anticipation of such a divestiture.

Analysts believe that the value of each of NTT's various businesses add up to more than the market capitalisation of the whole as it stands now. This means that NTT, despite having the largest market capitalisation in the world, may still be significantly undervalued and the share price has room for improvement.

Japanese banks are another category of company which has not seen a significant change in their market capitalisation despite the gloom in their operating environment.

This has something to do with the nature of shareholdings in Japan where bank shares tend to be owned by stable, long-term investors, who are also generally the banks' large customers.

But elsewhere in the rankings, there has been some movement that better reflects the ups and downs in corporate fortunes.

Toyota, for example, has moved from the seventh spot last year to number two and ahead of the banks.

The company, which is Japan's largest motor manufacturer and the second largest in the world, is not only a beneficiary of the country's tradition of stable shareholding, it is a barometer of the industry's health. Toyota's rising fortunes reflect the improving environment for the Japanese motor industry, which has started to emerge from one of its darkest periods after the war, making motor vehicle stocks a promising recovery investment.

Toyota has also proved itself a spectacularly solid company that has been able to weather the cold winds of recession better than most of its competitors in the industry.

The company has initiated a restructuring plan that aims to cut costs across the board. Its tight financial management – the company's substantial assets and broad financial activities have won it the nickname Bank of Toyota – has stood out at a time when Japanese companies across industries have seen their profits hurt by reckless financial investments that have come back, with the collapse of asset prices, to haunt them.

Steelmakers have also seen their capitalisation increase as shareholders have been encouraged by the significant prospects for recovery on the back of increasing demand from manufacturers such as motor companies.

Kawasaki Steel, one of the leading blast furnace makers, saw the largest rise in rank among Japanese companies, moving from 67th to 45th place.

Another noteworthy trend this year has been the move up by companies in the electronics industry, which has suffered four years of sluggish activity in domestic markets.

Mitsubishi Electric, Sanyo, Sony and Sharp recorded some of the largest rises in rank among Japanese companies, reflecting the improved environment for the sector as a whole.

The industry was helped by strong demand overseas, particularly in Asian markets outside Japan and the US, both for consumer electronics and components such as semiconductors and computer screens.

Fujitsu, Japan's largest computer manufacturer, which last year was weighed down by concerns about its mainframe business, crept up from 39th to 31st place while NEC, which was dogged by concerns that it would lose share in the PC market at home to increasingly aggressive foreign competitors, moved up from 40th to 33rd place.

Both companies are certainly seeing better times this year with strong buying from overseas markets for their components and look forward to continuing demand for their semiconductors as users upgrade to more advanced products.

At the other extreme, the video games makers which had appeared unstoppable in their growth just a few years ago, suffered setbacks.

Nintendo, the dominant operator in the Japanese market, saw the largest fall from 49th in 1993 to 98th place this year while Sega, its main rival, fell out of the rankings altogether, having been 88th in line last year.

Competition in the video games market has intensified with giants such as Matsushita and Sony, entering the fray with advanced machines designed to appeal to players who are keen for greater technological sophistication.

Looking back on market performance this year, one notable development has been the outperformance of manufacturers relative to the market.

"Since June, the electronics sector has outperformed the market by 10 per cent, machinery by 26 per cent and steels by 25 per cent, whereas financials have lagged the overall market by 8 per cent, consumption by 9 per cent and utilities by 20 per cent," Nomura Research Institute points out in its November publication, Capital Market Trends.

The trend has been supported by strong exports particularly to the US. But as the US economy slows down and domestic demand recovers in Japan, this year the trend could be reversed, NRI points out.

World number one stays well ahead

Michiyo Nakamoto

FT500

US 100 Top companies

Continued from Page 43

Despite all this, GE's profits were running at record levels. In the middle of December, chairman Jack Welch rubbed it in by announcing a $5bn stock buy-back programme. GE stock, he said, was "the best investment we can make".

GE's reluctance to sell NBC was not really surprising. In a highly eventful year in the world of US information and media, the TV networks, once written off as dinosaurs, emerged as very valuable properties after all. Hence the rise from 87th place to 64th by Capital Cities/ABC, owner of the ABC network.

The cable TV companies did less well. The biggest, Telecommunications Inc, slipped from 77th to 79th. Time Warner, which besides its broader media interests is America's second biggest cable company, fell from 49th to 59th.

This is partly because the cable companies are squaring up for a battle with the regional telephone companies, or Baby Bells. Advances in technology now mean these companies can do each others' jobs. At the same time the regulatory barriers which kept cable and telephone companies out of each other's markets are crumbling.

Thus, telephone and cable companies plan billions of dollars of investment to duplicate each other's efforts. The Baby Bells, which previously made a fat living behind a wall of regulated monopoly, arguably have more to lose from this competition. Thus, all but one of the big local phone companies has slipped in the ratings (the exception, Southwestern Bell, stayed unchanged at 24th). The biggest, GTE, fell from 7th to 17th. All the other Baby Bells fell by at least five places. The steepest apparent fall was the local Californian phone company, Pacific Telesis, which plunged from 29th to 62nd. But this was largely because it spun off its mobile phone business, AirTouch, which now stands slightly above its parent at 54th.

Significantly, however, AT&T, the long-distance telephone giant, strengthened its position from 3rd to 2nd. This is partly because its merger this year with McCaw, the leading US mobile phone company, was seen as a masterstroke. It is also because the outburst of competition at the local level plays into AT&T's hands. Not only will it stimulate long-distance calls. More important, it should reduce the fees AT&T pays the local companies for access to their networks, which at present consumes a huge chunk of its revenues.

In the parallel world of computing, the most striking feature was the resurgence of IBM. Three years ago IBM was America's biggest company by market value. Last year, it had plunged to 25th. Now, shaken up and infused with new senior management, it has rebounded to 9th. This is partly because the sense of exaggerated crisis has given way to a calmer appreciation of IBM's underlying strengths. It is also because mainframe computing, still the backbone of IBM's business, has proved to be not quite dead after all.

The two companies which proved IBM's undoing, Microsoft and Intel, fared rather differently this year. Microsoft, still the unchallenged giant of personal computer software, continued its remarkable rise, jumping from 27th to 13th. Intel, which has comparable dominance in the microprocessors which drive personal computers, fell from 17th to 26th.

It would appear that investors do not trust Intel to maintain its dominance as they do Microsoft. IBM and Apple are combining to challenge it with a new microprocessor of their own. It did not help, at the end of the year, for it to emerge that Intel's new chip, the Pentium, is subject to mathematical glitches.

Other high-technology electronics stocks had a good year, with Hewlett-Packard up from 43rd to 30th and Motorola up from 20th to 15th. In the latter case, there was a twist. Early in the year Motorola's highly regarded chairman, George Fisher, left to take on the task of reviving Eastman Kodak. Despite a vigorous and much-applauded programme of disposal and reorganisation, Kodak fell from 31th to 40th.

Elsewhere, it was a year for the cyclicals: not surprisingly, as US economic recovery moved towards its peak. Among the big chemical companies, Du Pont rose from 12th to 10th and Dow from 47th to 33rd. Monsanto entered the lists at 90th.

The paper companies, which are if anything more cyclical again, made a similar comeback. Weyerhauser, Kimberly-Clark and International Paper were all out of the lists a year ago. Now they are all in, at 91st, 89th and 82nd respectively.

One company to rival GE in tenacity comes at the opposite end of the list. Raytheon, the defence company which makes the Patriot missile, was 100th last year. Since then it has suffered further from cuts in defence spending, closing a number of factories in its native Massachusetts. But it has also done a remarkable job of transforming itself into a non-defence manufacturer. Profits this year were at record levels, and Raytheon crept up from 100th to 99th.

Top 100 US companies by market capitalisation

Ranking 1994	1993	company	Market Capital $m	Sector	Turnover Rank	Turnover This year $m	Turnover Last year $m	per cent change	Net profit this year $m	Net profit last year $m	per cent change	ROCE	employees	Year ending
1	1	General Electric Co	82407.6	541	7	59827.0	56274.0	6.3	4316.0	4725.0	-8.7	7.9	222000	31/12/93
2	3	American Tele &Telegraph	73437.3	223	5	67156.0	64904.0	3.5	-3794.0	3807.0	0.0	18.7	308700	31/12/93
3	2	Exxon Corp	71381.3	212	3	97825.0	103160.0	-5.2	5280.0	4770.0	10.7	11.6	91000	31/12/93
4	5	Coca-cola Co	62721.6	424	32	13957.0	13073.8	6.8	2176.0	1664.4	30.7	36.4	34000	31/12/93
5	4	Wal-mart Stores	53742.2	492	4	67344.5	55483.7	21.4	2333.3	1994.8	17.0	12.5	528000	31/01/94
6	8	Philip Morris Cos Inc	53053.6	425	10	50621.0	50095.0	1.1	3091.0	4939.0	-37.4	13.4	173000	31/12/93
7	6	Merck & Co	44866.4	433	48	10498.2	9662.5	8.6	2166.2	1984.2	9.2	17.6	47100	31/12/93
8	10	Procter & Gamble Co	40804.2	453	15	30296.0	30433.0	-0.5	2211.0	-656.0	0.0	16.0	96500	30/06/94
9	25	Intl Business Machines Corp	40721.1	531	6	62716.0	64523.0	-2.8	-8101.0	-4965.0	0.0		256207	31/12/93
10	12	Du Pont (E I) De Nemours	39465.5	622	13	32732.0	37208.0	-12.0	555.0	-3927.0	0.0	3.2	114000	31/12/93
11	16	General Motors Corp	35160.6	401	1	135696.0	130590.0	3.9	2465.6	-3333.1	0.0	6.2	710800	31/12/93
12	23	Johnson & Johnson	33302.8	431	30	14138.0	13753.0	2.8	1787.0	1030.0	73.5	25.3	81600	31/12/93
13	27	Microsoft Corp	32808.6	482	79	4649.0	3753.0	23.9	1146.0	953.0	20.3	25.8	15257	30/06/94
14	9	Mobil Corp	31516.3	212	8	56576.0	56877.0	-0.5	2084.0	862.0	141.8	9.3	61900	31/12/93
15	20	Motorola Inc	29847.1	551	25	16963.0	13303.0	27.5	1022.0	453.0	125.6	13.2	120000	31/12/93
16	19	Amoco Corp	29431.3	214	17	25336.0	25280.0	0.2	1820.0	-74.0	0.0	10.3	46317	31/12/93
17	7	GTE Corp	29061.7	223	22	19748.0	19984.0	-1.2	900.0	-754.0	0.0	4.1	117000	31/12/93
18	18	Bristol Myers Squibb	28960.5	431	43	11413.0	11156.0	2.3	1959.0	1962.0	-0.2	30.0	49500	31/12/93
19	13	American International Group	28125.2	151		N/R	N/R		1938.8	1657.0	17.0	6.9	n/a	31/12/93
20	22	Ford Motor Co	27999.6	401	2	108448.0	100132.0	8.3	2529.0	-7385.0	0.0	3.5	322213	31/12/93
21	15	Bellsouth Corp	27663.1	223	28	15880.3	15148.9	4.8	880.1	1617.7	-45.6	5.0	95084	31/12/93
22	11	Chevron Corp	27126.3	212	14	32123.0	37464.0	-14.3	1265.0	1569.0	-19.4	7.0	47576	31/12/93
23	14	Pepsico Inc	26221.7	424	18	25020.7	21970.0	13.9	1587.9	374.3	324.2	11.5	423000	31/12/93
24	24	Southwestern Bell Corp	25577.1	223	46	10690.3	10015.4	6.7	-845.2	1301.7	0.0	11.0	58400	31/12/93
25	28	Abbott Laboratories	25481.6	431	61	8407.8	7851.9	7.1	1399.1	1239.1	12.9	35.1	49659	31/12/93
26	17	Intel Corp	25381.0	551	56	8782.0	5844.0	50.3	2295.0	1066.5	115.2	29.0	29500	31/12/93
27	30	Minnesota Mining & Mfg Co	23344.1	406	31	14020.0	13883.0	1.0	1263.0	1233.0	2.4	16.4	86168	31/12/93
28	21	Bell Atlantic Corp	23115.3	223	35	12990.2	12647.0	2.7	1403.4	1340.6	4.7	9.6	73600	31/12/93
29	35	Berkshire Hathaway Inc	22323.1	171	83	3653.6	3029.3	20.6	688.1	407.3	69.0	6.5	22000	31/12/93
30	43	Hewlett-Packard Co	22213.3	531	20	20317.0	16410.0	23.8	1177.0	549.0	114.4	12.8	96200	31/10/93
31	26	Ameritech Corp	22101.5	223	39	11710.4	11153.0	5.0	1512.8	-400.4	0.0	12.7	67192	31/12/93
32	38	Pfizer Inc	21722.2	433	67	7477.7	7230.2	3.4	657.5	810.9	-18.9	14.7	40500	31/12/93
33	47	Dow Chemical	21611.2	622	23	18060.0	18971.0	-4.8	644.0	-489.0	0.0	3.9	55436	31/12/93
34	31	Federal Natl Mortgage Assn	21518.7	121		N/R	N/R		1873.0	1623.0	15.4	1.5	n/a	31/12/93
35	33	Disney (Walt) Company	20773.9	461	57	8529.2	7504.0	13.7	299.8	816.7	-63.3	10.9	62000	30/09/93
36	45	Home Depot Inc	18981.0	492	53	9238.8	7148.4	29.2	457.4	362.9	26.1	12.4	50700	31/01/94
37	40	McDonalds Corp	18528.4	464	68	7408.1	7133.3	3.9	1082.5	958.6	12.9	10.9	167000	31/12/93
38	37	American Home Products Corp	18426.1	433	62	8304.8	7873.7	5.5	1469.3	1460.8	0.6	29.8	51399	31/12/93
39	32	U S West Inc	17655.3	223	49	10293.6	10281.1	0.1	-2805.8	-614.0	0.0	4.2	60778	31/12/93
40	34	Eastman Kodak Co	17552.9	463	26	16364.0	20183.0	-18.9	-1515.0	1146.0	0.0	4.7	110400	31/12/93
41	54	Lilly (Eli) & Co	16905.3	433	73	6452.4	6167.3	4.6	480.2	708.7	-32.2	9.1	32700	31/12/93
42	39	Sears Roebuck & Co	16871.2	171	9	50837.5	52344.6	-2.9	2374.4	-3932.3	0.0	9.9	359000	31/12/93
43	56	Citicorp	16730.3	112		N/R	N/R		2219.0	722.0	207.3	6.0	81500	31/12/93
44	41	Atlantic Richfield Co	16201.0	214	24	17189.0	17503.0	-1.8	269.0	801.0	-66.4	2.0	25100	31/12/93
45	36	Nynex Corp	16160.7	223	34	13407.8	13155.0	1.9	-394.1	1311.2	0.0		76200	31/12/93
46	46	Chrysler Corp	15906.9	401	11	42260.0	35501.0	19.0	-2551.0	723.0	0.0	17.6	128000	31/12/93
47	65	Gillette Co	15644.9	432	77	5410.8	5162.8	4.8	288.3	513.4	-43.8	18.2	33400	31/12/93
48	42	Texaco Inc	15563.3	212	12	33245.0	36812.0	-9.7	1068.0	712.0	50.0	7.4	32514	31/12/93
49	48	Bankamerica Corp	15307.4	112		N/R	N/R		1954.0	1492.0	31.0	6.3	96428	31/12/93
50	44	American Express	15026.6	121		N/R	N/R		1478.0	461.0	220.6	10.8	64493	31/12/93
51		Columbia/HCA Healthcare	14735.4	434	50	10252.0	807.3		507.0	25.4		8.4	131600	31/12/93
52	61	Boeing Co	14732.3	523	16	25438.0	30184.0	-15.7	1244.0	552.0	125.4	10.6	123000	31/12/93
53	53	Wmx Technologies Inc	14331.3	563	55	9135.6	8661.0	5.5	452.8	850.0	-46.7	3.9	72600	31/12/93
54		Airtouch Communications Inc	14122.9	533	87	1057.7	880.2	20.2	34.5	10.2	238.2	1.1	4695	31/12/93
55	52	MCI Communications	13829.2	223	37	11921.0	10562.0	12.9	582.0	609.0	-4.4	8.9	36000	31/12/93
56	60	Nationsbank Corp	13549.3	112		N/R	N/R		1501.0	1145.0	31.1	7.4	57463	31/12/93
57	62	Schering-Plough	13511.3	433	80	4341.3	4055.7	7.0	730.8	720.4	1.4	46.8	21600	31/12/93
58	59	Emerson Electric Co	13356.1	541	63	8173.8	7706.0	6.1	708.1	662.9	6.8	16.3	71600	30/09/93
59	49	Time Warner Inc	13312.4	472	72	6581.0	13070.0	-49.6	-221.0	86.0	0.0		30000	31/12/93
60	67	Anheuser-Busch Cos Inc	13270.1	421	42	11505.3	11393.7	1.0	594.5	917.5	-35.2	8.2	43345	31/12/93
61	66	Sprint Corp	13164.6	223	45	11367.8	9230.4	23.2	54.9	457.1	-88.0	5.6	50500	31/12/93
62	29	Pacific Telesis Group	13040.0	223	52	9244.0	9935.0	-7.0	-1504.0	1142.0	0.0	1.5	60050	31/12/93
63	70	Kellogg Co	12845.6	451	74	6295.4	6190.6	1.7	680.7	431.2	57.9	30.5	16150	31/12/93
64	87	Capital Cities/ABC Inc	12631.0	474	76	5673.7	5344.1	6.2	456.3	246.1	85.0	10.8	19250	31/12/93
65	96	Oracle Systems Corp	12313.5	482	86	2001.1	1502.8	33.2	283.7	98.3	188.6	34.5	12058	31/05/94
66	55	Southern Co	12075.5	221	60	8489.1	8072.6	5.2	1095.3	1057.3	3.6	6.7	28962	31/12/93
67	74	Penney (J C) Co	12049.9	492	21	20101.0	19085.0	5.3	940.0	777.0	21.0	11.4	193000	31/01/94
68	51	Morgan (J P) & Co	11598.1	112		N/R	N/R		1586.0	1382.0	14.8	11.4	15193	31/12/93
69	75	Mccaw Cellular Comm -Cl A	11539.0	223	85	2194.9	1743.3	25.9	-272.3	-364.7	0.0		9860	31/12/93
70	58	Banc One Corp	11487.0	112		N/R	N/R		1140.0	781.3	45.9	12.8	45300	31/12/93
71		Xerox Corp	11275.0	534	27	16193.0	17040.0	-5.0	-126.0	-1020.0	0.0		97000	31/12/93
72		Caterpillar Inc	11001.0	564	40	11615.0	10194.0	13.9	652.0	-2435.0	0.0	11.2	51250	31/12/93
73	63	Union Pacific Corp	10998.7	304	66	7561.0	7294.0	3.7	530.0	728.0	-27.2	7.9	47126	31/12/93
74	69	Sara Lee Corp	10817.2	451	29	15536.0	14580.0	6.6	199.0	704.0	-71.7	4.1	145900	30/06/94
75	92	Warner-Lambert Co	10750.9	431	75	5793.7	5597.6	3.5	331.0	643.7	-48.6	14.7	35000	31/12/93
76	57	Allstate Corp	10741.4	151		N/R	N/R		1301.5	-825.2	0.0	11.7	n/a	31/12/93
77		Travelers Inc	10635.6	151		N/R	N/R		916.0	728.1	25.8	5.8	65000	31/12/93
78	78	Toys R Us Inc	10143.3	495	64	7946.1	7169.3	10.8	483.0	437.5	10.4	12.5	107000	31/01/94
79	77	Tele-communications -CL A	10007.2	474	82	4153.0	3574.0	16.2	-7.0	-34.0	0.0		24000	31/12/93
80		General Motors CL E	9997.4	551	59	8507.3	8155.2	4.3	724.0	635.5	13.9	17.5	70000	31/12/93
81	85	Campbell Soup Co	9796.0	451	71	6690.0	6586.2	1.6	630.0	8.2	7582.9	23.6	44378	31/07/94
82		Intl Paper Co	9788.9	652	33	13685.0	13598.0	0.6	289.0	86.0	236.0	2.9	72500	31/12/93
83	76	May Department Stores Co	9779.2	491	41	11529.0	11150.0	3.4	711.0	603.0	17.9	11.0	113000	31/01/94
84	50	Pacific Gas & Electric	9772.0	221	47	10582.4	10296.1	2.8	1065.5	1170.6	-9.0	5.7	23045	31/12/93
85	73	Dun & Bradstreet Corp	9768.7	472	78	4710.4	4750.7	-0.8	38.1	553.5	-93.1	38.6	50400	31/12/93
86	72	ITT Corp	9759.5	591	19	22762.0	21651.0	5.1	913.0	-885.0	0.0	5.3	98000	31/12/93
87	82	Alliedsignal Inc	9650.3	591	38	11827.0	12042.0	-1.8	411.0	-712.0	0.0	16.4	86400	31/12/93
88	90	Fed Home Loan Mtg Co	9650.0	121		N/R	N/R		786.0	622.0	26.4	1.4	n/a	31/12/93
89		Kimberly-Clark Corp	9464.6	652	70	6972.9	7091.1	-1.7	510.9	135.0	278.4	14.8	42131	31/12/93
90		Monsanto Co	9274.1	622	65	7902.0	7763.0	1.8	494.0	-88.0	0.0	11.3	30019	31/12/93
91		Weyerhaeuser Co	9174.2	651	51	9544.8	9218.7	3.5	579.3	372.0	55.7	5.8	36748	31/12/93
92	86	General Mills Inc	9153.4	451	58	8516.9	8134.6	4.7	469.9	506.1	-7.2	17.5	125670	31/05/94
93		United Healthcare Corp	9066.0	434	84	2527.3	1441.8	75.3	194.6	114.2	70.3	20.2	6500	31/12/93
94	91	Heinz (H J) Co	9032.2	451	69	7046.7	7103.4	-0.8	602.9	396.3	52.1	14.8	35700	30/04/94
95	95	Phillips Petroleum Co	8958.5	214	36	12309.0	11933.0	3.2	243.0	180.0	35.0	3.9	19400	31/12/93
96		American Cyanamid Co	8935.4	622	81	4276.8	5267.5	-18.8	-1118.5	395.1	0.0		26550	31/12/93
97	71	Chemical Banking Corp	8782.4	112		N/R	N/R		1604.0	1086.0	47.7	8.1	41567	31/12/93
98	80	General Re Corp	8681.8	152		N/R	N/R		711.0	657.4	8.2	14.1	n/a	31/12/93
99	100	Raytheon Co	8534.0	521	54	9201.2	9058.2	1.6	693.0	635.1	9.1	16.0	63800	31/12/93
100		Archer-Daniels-Midland Co	8529.0	451	44	11374.3	9811.4	15.9	494.1	567.5	-14.7	5.8	16013	30/06/94

EUROPEAN 500

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Ranking 1994	1993	Company	Country	Market Capital $m	Sector	Turnover Rank	Turnover This year $m	Turnover Last year $m	per cent change	Profit this year $m	Profit last year $m	per cent change		ROCE	employees	Year ending
126	128	BOC Group	UK	5186.6	622	146	4602.0	4275.5	12.3	528.5	336.6	57.0		18.0	38434	30/09/93
127	84	Kingfisher	UK	5105.9	491	97	7012.2	5654.0	28.3	484.2	320.6	51.0		28.7	41567	29/01/94
128	117	Commercial Union	UK	5102.4	151		N/R	N/R		330.3	37.6	779.2		y	22694	31/12/93
129	128	Lyonnaise des Eaux-Dumez	Fra	5026.6	221	26	17659.7	17056.3	3.5	461.5	310.7	55.0		7.8	120036	31/12/93
130	130	Pearson	UK	5026.5	472	216	2927.6	2560.6	14.3	326.6	238.1	36.3		15.1	27278	31/12/93
131	107	Argentaria	Spa	4995.6	112		N/R	N/R		612.5	720.4	12.8	<	22.2	17682	31/12/93
132	108	Land Securities	UK	4982.2	161		N/R	N/R		371.2	365.4	1.6		9.6	637	31/03/94
133	124	Bank Austria	Aus	4958.0	112		N/R	N/R		138.1	122.5	13.5	a	8.6 y	9237	31/12/93
134	115	Richemont (Compagnie Financiere)	Swi	4898.6	171	54	12462.9	12026.1	3.6	746.1	991.2	-24.8		15.0	n/a	31/03/94
135	114	Argyll Group	UK	4837.8	493	82	8778.5	8134.5	7.9	556.4	653.3	-13.3		17.7	66546	02/04/94
136	167	Wolters Kluwer	Net	4663.2	472	303	1508.6	1356.1	11.1	270.0	225.2	19.9		121.2	7672	31/12/93
137	127	Societe Generale de Belgique	Bel	4629.5	171	125	5721.2	6144.1	-6.9	381.2	338.8	12.5		6.1	33507	31/12/93
138	301	Nokia	Fin	4625.0	533	148	4779.9	3664.6	30.4	-138.9	-19.9				25801	31/12/93
139	177	Granada Group	UK	4621.1	461	232	2528.3	2097.7	20.5	275.6	203.8	35.2		26.7	26025	02/10/93
140	135	Rodamco	Net	4597.0	161		N/R	N/R		260.3	247.1	5.4		6.4	n/a	28/02/94
141	122	Scottish Power	UK	4543.6	221	237	2455.5	2326.1	5.6	549.6	465.1	18.2		35.5	8135	31/03/94
142	82	Pharmacia	Swe	4479.3	433	194	3265.8	2054.3	58.9	441.6	339.6	30.0		18.1	17843	31/12/93
143	468	Montedison	Ita	4437.9	622	52	13037.6	10838.2	20.3	-440.7	-1072.3			y	32774	31/12/93
144	186	Schneider SA	Fra	4433.0	171	67	10841.8	11631.5	-6.5	128.3	86.7	47.4		11.5	91458	31/12/93
145	151	Whitbread	UK	4411.2	421	177	3694.4	3673.1	0.6	366.3	277.1	32.2		10.5	82369	28/02/94
146	0	San Paolo di Torino	Ita	4407.7	112		N/R	N/R		915.8	804.0	13.9	<	17.5 y	19977	31/12/93
147	150	Hochtief	Ger	4401.6	613	206	3033.7	3212.2	-5.6	136.1	157.4	-13.6		6.3	31630	31/12/93
148	162	Michelin	Fra	4371.2	574	56	11946.2	12618.2	-5.3	-693.2	177.2				124575	31/12/93
149	155	Preussag	Ger	4363.4	634	43	15036.2	15800.7	-4.8	161.3	407.2	-62.8		3.8	71200	30/09/93
150	166	Mediobanca	Ita	4266.8	121		N/R	N/R		265.7	303.6	-12.5		18.6	307	30/06/93
151	183	Holderbank Management	Swi	4245.0	611	108	6536.4	6077.2	7.6	510.3	439.7	16.0		11.1	36143	31/12/93
152	142	Winterthur Versicherung	Swi	4224.6	151		N/R	N/R		396.5	306.2	29.5			20516	31/12/93
153	137	Schering	Ger	4202.7	622	183	3462.6	4046.3	-14.4	339.9	337.4	0.7		9.7	23273	31/12/93
154	0	Istituto Mobiliare Italiano	Ita	4138.3	112		N/R	N/R		445.7	324.9		a	12.5 y	3813	31/12/92
155	152	Sanofi	Fra	4112.6	433	158	4436.1	4047.2	9.6	313.2	313.0	0.1		13.7	31197	31/12/93
156	207	Deutsche Lufthansa	Ger	4069.5	301	65	11447.3	11129.8	2.9	-45.6	-264.0				60514	31/12/93
157	123	Sun Alliance Group	UK	4058.3	151		N/R	N/R		347.1	-202.9				17705	31/12/93
158	159	Tractebel	Bel	4052.4	221	85	8265.2	7920.2	4.4	1098.4	1035.7	6.1		12.7	32704	31/12/93
159	110	SMH	Swi	4051.9	591	258	2148.3	2142.1	0.3	409.6	395.5	3.5		24.6	14354	31/12/93
160	191	Scottish & Newcastle	UK	4030.8	421	226	2754.9	2370.7	16.2	347.2	285.7	21.5		13.5	36830	01/05/94
161	132	Redland	UK	3995.5	611	182	3469.5	2959.0	17.3	436.8	311.5	40.2		13.1	21358	31/12/93
162	145	Sandvik	Swe	3979.2	562	219	2895.1	2289.6	26.4	234.6	197.6	18.7		11.3	27619	31/12/93
163	0	Rothmans International plc/NV	Nuk	3959.1	425	171	3890.3	3776.8	3.0	537.9	736.9	-27.0		16.7	17538	31/03/94
164	165	Standard Chartered	UK	3950.7	112		N/R	N/R		627.7	316.2	98.5	<	47.6	30432	31/12/93
165	148	A/S D/S Svendborg	Den	3924.9	303	371	19.5	17.9	9.2	50.8	37.4	36.0		17.3	n/a	31/12/93
166	149	D/S af 1912	Den	3919.0	303	372	19.5	17.9	9.2	47.2	33.6	40.5		19.5	n/a	31/12/93
167	153	Havas	Fra	3913.6	475	105	6596.5	6410.5	2.9	326.0	405.6	-18.9		18.8	16628	31/12/93
168	169	Linde	Ger	3900.0	506	151	4630.5	4864.3	-4.8	202.3	308.0	-34.3		7.4	29959	31/12/93
169	119	General Accident	UK	3885.8	151		N/R	N/R		461.6	-45.9				11906	31/12/93
170	139	Tomkins	UK	3881.2	671	138	5080.0	3224.0	57.6	402.5	267.7	50.4		26.5	45496	30/04/94
171	219	Banca Commerciale Italiana	Ita	3851.9	112		N/R	N/R		742.8	382.9	94.0	<	21.5	22231	31/12/93
172	192	Bank of Scotland	UK	3789.2	112		N/R	N/R		421.1	195.7	115.2	a	21.5	16595	28/02/94
173	303	Pinault-Printemps-Redoute	Fra	3764.6	491	57	11948.6	13257.5	-9.9	262.8	288.0	-8.1		15.8 y	50580	31/12/93
174	172	Eridania Beghin-Say	Fra	3764.0	451	74	9609.4	9389.2	2.3	465.7	391.9	18.3		16.4	24198	31/12/93
175	197	Solvay	Bel	3762.1	622	87	7656.3	7982.1	-4.1	-197.6	360.2			y	43163	31/12/93
176	113	Banco Central Hispanoamericano	Spa	3695.6	112		N/R	N/R		638.1	660.0	-3.3	<	14.0	35526	31/12/93
177	181	Bowater Industries	UK	3693.9	651	188	3308.4	2363.6	39.9	331.7	230.4	44.0		27.3	26400	31/12/93
178	158	Generale de Banque	Bel	3658.4	112		N/R	N/R		674.4	517.0	30.4	n	24.4	21429	31/12/93
179	134	Eurotunnel Group	Uk/Fr	3645.2	304		N/R	N/R		-3.0	-2.4				1401	31/12/93
180	171	Banco Exterior	Spa	3637.3	112		N/R	N/R		331.9	321.8	3.1	<	16.9	10687	31/12/93
181	226	Valeo	Fra	3619.1	571	175	3819.6	3897.0	-2.0	173.6	157.8	9.9		13.1	25000	31/12/93
182	180	Siebe	UK	3616.2	591	217	2917.2	2533.6	15.1	340.0	289.8	17.3		20.8	29930	02/04/94
183	126	Lloyds Abbey Life	UK	3590.7	141		N/R	N/R		506.6	465.9	8.7			10250	31/12/93
184	0	Tele Danmark	Den	3578.6	223	227	2669.2	2564.3	4.1	394.7	223.1	70.9		18.5	17004	31/12/93
185	173	Associated British Foods	UK	3570.4	451	101	6868.0	6189.7	10.9	529.1	464.9	13.8		18.0	49908	18/09/93
186	254	Investor	Swe	3549.0	131	166	4173.7	4612.0	-9.5	54.5	10.9	400.0		2.3 y	27372	31/12/93
187	154	AMB Aachener & Muenchener Beteil	Ger	3547.8	151		N/R	N/R		64.3	70.5	-8.8			19190	31/12/93
188	302	Christian Dior	Fra	3545.5	432	160	4649.1	4227.0	9.9	948.7	845.6	12.2		19.4	16532	31/12/93
189	138	Inchcape	UK	3515.6	171	77	9199.9	7884.6	16.7	424.9	391.5	8.5		28.6	38189	31/12/93
190	253	Electrolux	Swe	3462.5	402	49	13314.6	10696.7	24.5	208.8	135.1	54.5		10.2	114716	31/12/93
191	208	Rolls-Royce	UK	3461.4	521	129	5507.2	5576.1	-1.2	119.0	-288.0			6.8	49200	31/12/93
192	405	SAP	Ger	3449.9	551	356	711.3	536.6	32.6	160.0	108.4	47.5		25.1	3444	31/12/93
193	213	Arjo Wiggins Appleton	UK	3431.4	652	164	4268.9	4105.5	4.0	191.1	252.2	-24.2		9.3	18771	31/12/93
194	160	Banco Popular Espanol	Spa	3426.6	112		N/R	N/R		691.2	653.6	5.8	a	37.8	12019	31/12/93
195	221	Stora	Swe	3403.3	651	103	6707.0	6321.9	6.1	70.3	-189.1			6.5	33641	31/12/93
196	230	Ahold	Net	3385.6	493	38	15602.9	12436.2	25.5	274.9	237.9	15.5		19.4	117	31/12/93
197	181	Rentokil Group	UK	3378.6	622	346	920.6	685.5	34.3	230.1	169.7	35.6		71.1	22756	31/12/93
198	156	Legal & General Group	UK	3368.8	141		N/R	N/R		283.3	181.7	55.9			7606	31/12/93
199	292	GKN	UK	3339.6	571	199	3165.8	3120.7	1.4	152.6	190.7	-20.0		11.5	27487	31/12/93
200	129	Canal +	Fra	3320.3	474	293	1637.6	1498.2	9.3	316.8	293.5	8.0		30.1	2976	31/12/93
201	214	Wolseley	UK	3299.6	611	169	3899.5	3058.9	27.5	189.4	142.5	33.0		24.5	16318	31/07/93
202	201	Promodes	Fra	3276.6	491	30	17026.2	15893.8	7.1	217.3	188.1	15.5		31.7 y	54848	31/12/93
203	200	Karstadt	Ger	3253.9	491	56	12082.0	11943.0	1.2	279.8	301.9	-22.7		9.1	75951	31/12/93
204	164	Pernod Ricard	Fra	3225.0	422	223	2841.4	2738.5	3.8	283.0	311.8	-9.3		15.9	10269	31/12/93
205	198	North West Water	UK	3220.4	221	308	1448.8	1374.3	5.3	421.1	388.8	8.9		13.3	8013	31/03/94
206	290	Alusuisse-Lonza Holding	Swi	3201.0	534	147	4799.1	5077.6	-5.5	72.1	113.2	-36.3		5.5 y	22993	31/12/93
207	157	Reckitt & Colman	UK	3175.1	431	195	3280.6	3027.4	8.4	407.2	258.7	57.4		54.9	21000	01/01/94
208	199	Skandinaviska Enskilda Banken	Swe	3164.7	112		N/R	N/R		90.3	-906.4		a	4.0	9953	31/12/93
209	190	Blue Circle Industries	UK	3156.8	611	230	2628.1	2144.8	22.5	259.2	146.8	76.5		12.2	20629	31/12/93
210	0	CEZ	Cze	3156.1	221	286	1706.9	N/R		664.4	0.0			30.1	n/a	31/12/93
211	178	Thames Water	UK	3150.0	221	287	1711.3	1632.4	4.8	378.4	393.4	-3.8		13.1	10141	31/03/94
212	234	Roussel-Uclaf	Fra	3149.6	622	211	2999.9	2796.0	7.3	270.5	246.0	10.0		25.9	15301	31/12/93
213	260	Gas Natural	Spa	3147.8	222	324	1207.4	782.4	54.3	191.0	132.2	44.5		17.9	4128	31/12/93
214	255	Repola	Fin	3139.9	591	137	5106.6	4791.0	6.6	54.9	-181.9			9.0	27215	31/12/93
215	318	Smurfit, Jefferson	Ire	3132.8	652	244	2272.2	1950.1	16.5	74.0	101.9	-27.4		7.6	16267	31/01/94
216	188	Svenska Cellulosa	Swe	3115.7	651	157	4444.3	4273.7	4.0	160.9	60.0	168.3		7.4	26661	31/12/93
217	242	Southern Electric	UK	3084.2	221	224	2786.8	2812.3	-0.9	347.5	293.2	18.5		28.6	7391	31/03/94
218	196	Severn Trent	UK	3077.0	221	301	1562.3	1416.1	10.3	440.5	422.8	4.2		12.9	10783	31/03/94
219	233	Williams Holdings	UK	3071.0	591	275	1898.2	1620.9	17.1	239.8	252.5	-5.0		32.4	14912	31/12/93
220	395	DSM	Net	3059.6	622	152	4630.3	5129.6	-9.7	-129.6	92.1				20592	31/12/93
221	194	Forte	UK	3034.0	464	191	3296.8	4259.5	-22.6	189.4	256.7	-26.2		6.6	50000	31/01/94
222	176	Thomson-CSF	Fra	3018.5	551	111	6472.8	6455.4	0.3	447.4	353.9	26.4		20.3 y	46856	31/12/93
223	365	KNP BT	Net	2999.6	652	113	6437.5	6772.6	-4.9	-0.6	115.6				26033	31/12/93
224	244	Eastern Group	UK	2994.1	221	220	2890.3	2999.1	-3.6	276.6	287.1	-3.6		20.3	7003	31/03/94
225	170	Enterprise Oil	UK	2982.5	213	349	654.9	642.4	1.5	158.2	228.8	-31.1		6.8	657	31/12/93
226	247	Carlton Communications	UK	2981.6	474	300	1572.6	994.4	58.2	197.3	156.9	25.6		26.4	7369	30/09/93
227	203	Novo Nordisk	Den	2974.9	433	270	1992.5	1752.8	13.7	305.7	274.7	11.3		16.8	11191	31/12/93
228	224	Asda Group	UK	2940.9	493	88	7642.8	7222.6	5.8	-197.1	293.4				70516	30/04/94
229	195	Isar Amperwerke	Ger	2937.3	221	313	1366.4	1296.6	5.4	77.9	65.9	18.2		3.2 y	5364	30/06/93
230	174	VEW	Ger	2934.9	221	144	4903.4	4358.5	12.5	288.9	277.9	4.0		6.6	11747	31/12/93
231	237	RMC Group	UK	2934.6	611	142	4962.3	4915.8	0.9	278.3	260.8	6.7		13.6	27635	31/12/93
232	189	Royal Insurance Holdings	UK	2927.1	151		N/R	N/R		223.9	-42.3				13495	31/12/93
233	259	Badenwerk	Ger	2909.8	221	273	1915.6	1843.9	3.9	81.9	147.7	-44.6		3.0	4201	31/12/93
234	257	Groupe Bruxelles Lambert	Bel	2896.5	171		N/R	N/R		307.9	275.1	11.9		10.1	n/a	31/12/93
235	278	Heidelberger Zement	Ger	2872.0	611	268	2032.8	1939.0	4.8	138.3	147.3	-6.1		8.8	11857	31/12/93
236	264	Centros Comerciales Pryca	Spa	2869.1	493	176	3763.6	3419.4	9.8	165.0	139.0	18.7		22.7	13800	31/12/93
237	211	Accor	Fra	2866.2	464	132	5316.9	5564.5	-4.5	211.0	257.1	-17.9		10.8	143740	31/12/93
238	193	MEPC	UK	2857.4	161		N/R	N/R		126.6	171.6	-26.1		7.2	1110	30/09/93
239	185	Kredietbank	Bel	2842.8	112		N/R	N/R		512.1	228.0		a	22.1	11646	31/12/93
240	186	Den Danske Bank	Den	2826.6	112		N/R	N/R		635.9	-262.5		<	25.2 y	12457	31/12/93
241	223	Svenska Handelsbanken	Swe	2811.1	112		N/R	N/R		239.6	-98.4		a	10.5	7040	31/12/93
242	261	Man	Ger	2805.2	566	60	11714.4	12246.7	-4.4	118.7	219.1	-45.8		2.8	58527	30/06/94
243	175	Ladbroke Group	UK	2802.3	461	104	6682.4	6522.4	2.5	97.2	8.1	1094.2		6.3	55089	31/12/93
244	276	De La Rue	UK	2778.2	472	345	927.8	875.9	5.9	203.2	163.9	24.0		31.5	7743	31/03/94
245	229	Carlsberg	Den	2765.0	421	271	1986.5	1794.9	10.7	226.4	223.5	1.3		16.9	17762	30/09/93
246	163	RAS	Ita	2757.0	151		N/R	N/R		429.3	111.0	286.6			9286	31/12/93
247	182	Courtaulds	UK	2752.7	621	202	3123.5	3275.7	-4.6	190.4	291.5	-34.7		19.2	18000	31/03/94
248	281	Beiersdorf	Ger	2752.3	432	206	3075.4	2939.0	4.6	219.5	203.0	8.1		17.0	16880	31/12/93
249	308	Legrand	Fra	2751.7	541	277	1884.4	1934.6	-2.6	149.9	183.3	-18.2		14.6	18200	31/12/93
250	228	Schroders	UK	2750.9	121		N/R	N/R		306.5	165.5	85.2	<	36.1	2479	31/12/93

NOTES

142 Pharmacia Demerger of Procordia into Pharmacia AB and Branded Consumer Products AB. Stock exchange listing November 1993.
146 San Paolo di Torino Merger with Banca Provinciale Lombardo and Banco Lariano effective 12/93. 1992 figures are pro forma.
154 Istituto Mobiliare Italiano Stock exchange listing 2/94. Last year's figures are for nine months to 31/12/91.
155 Sanofi ROCE based on pre-tax profit and net interest.
157 Sun Alliance Group employees = UK average.
163 Rothmans International, reorganisation of Richemont's tobacco and luxury goods interests into Vendome and Rothmans International. Listing 10/93.
167 Havas 1992 figures are pro forma.
183 Lloyds Abbey Life employees = UK average.
185 Associated British Foods this year's figures for 53 weeks to 18/9/93.
195 Stora 1992 figures are pro forma excluding Koppalkraft.
198 Legal & General Group employees = UK only.
210 CEZ stock exchange listing 1/94. No comparable figures for 1992 available.
223 KNP BT 1992 figures are pro forma.
224 Eastern Group formerly Eastern Electricity.
232 Royal Insurance Holdings employees = UK average.
239 Kredietbank last year's figures for nine months to 31/12/92.

A-Z list of the US top 100

UNITED STATES

GE still top after bad year

In the parallel world of computing, the most striking feature was the resurgence of IBM, writes **Tony Jackson**

The fact that General Electric has held the top slot this year as America's most valuable company is something of an achievement. In publicity terms, at any rate, this enormous conglomerate has had an awful year.

Its struggling stockbroking subsidiary, Kidder Peabody, went spectacularly wrong in the summer, in a bizarre case of alleged fraud and phantom profits. Kidder is now being closed or sold off, and GE will take a book loss of around $1.5bn.

At the same time, GE was faced with a potentially embarrassing court case over a supposed cartel in industrial diamonds. Here the company was luckier: the judge threw the US government's case out without bothering to hear the bulk of GE's defence. Then there was the on-off saga of NBC, the TV network which GE owns and was thinking of selling. A long list of supposed suitors was paraded in the press, from Walt Disney and Time Warner to ITT. *The year ended with GE giving the* indecisive impression that it was not selling after all.

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ACCOUNTING STANDARDS

Why figures do not add up

Andrew Jack looks at the progress being made on making company reports consistent

Caveat investor: the single European market may be breaking down the barriers of the movement of goods and services between countries across the continent, but there is still a long way to go before the financial figures published by its companies are accounted for in anything like identical ways.

While most of the businesses that make up the FT500 rankings are international in outlook and trade, their use of accounting standards is often extremely varied between and even within their countries.

Financial information between companies in different sectors is difficult enough at the best of times; widely different presentations and formats of these figures seem to threaten to make the task virtually impossible.

"What investors want to be able to do is reduce their risk and predict the future more accurately," says Vinod Bavishi, head of the Princeton, US-based Centre for International Financial Reporting and Analysis, which is in the middle of producing its latest analysis of reporting trends around the world.

If so, the picture remains extremely diverse, confusing and frustrating for many, although Mr Bavishi – like a number of other observers – is optimistic and sees a trend towards convergence.

He says national accounting standards setters are increasingly turning to investors as they draw up new rules, and companies in smaller countries with greater need to seek capital from abroad are among the fastest to modify their reporting and make it more consistent with the best elsewhere.

The baseline for European accounting comes in the form of two European directives: the fourth and the seventh. All EU member states have now implemented these regulations, the last being Italy at the end of 1994, meaning that a number of Italian companies will start to present their information in different ways for the first time this year.

Equally, other countries in the European economic area – Sweden, Norway and Finland – are also changing their standards to bring them in line with the directives. Finland already has amending legislation in place, while its two Scandinavian neighbours have draft laws which should be passed by 1996.

The countries of the former Communist bloc in eastern Europe are also radically changing their accounting, many following either the traditional French or German format as they begin to report to capitalist investors.

But the presence of European directives still leaves scope for variation. "If accounts were based just on the format of the directives, they would fall a long way short," says David Cairns, secretary-general of the London-based International Accounting Standards Committee (IASC). He points to far greater disclosures among the larger companies in practice than the directives stipulate, including segmental reporting, cash flow information and details on pensions and tax charges that are scarcely mentioned.

One influence for change has been the IASC, which has developed a series of international accounting standards used explicitly by large companies such as Roche, Sandoz, Nestlé and Ciba, as well as implicitly by many of their competitors which make no reference to them by name.

There are also recent signs that the influence of the IASC is set to grow sharply, with the recent appointment of Sir Bryan Carsberg, former head of the UK's Office of Fair Trading and a highly respected accountancy academic, as its new secretary-general.

In addition, the IASC is fighting hard to gain recognition from the International Organisation of Securities Commissions (Iosco) for its canon of standards, which it has been revising intensively to reduce the alternative treatments that it has permitted in the past.

In practice, however, most accounting formats remain closely linked to the standards developed in the country in which a company is based, most of which have highly-developed systems reflecting their own history of economic development and legal organisation.

Christopher Nobes, Coopers & Lybrand professor of accounting at Reading University, points to two types of system: the "Anglo-Saxon" shareholder-oriented approach focused around disclosure, and the more secretive and rigidly-defined, tax-driven approach more common in other European countries.

Where – generally larger – companies have moved away from national standards, it has normally been driven by capital market needs, and particularly by the lure of the New York Stock Exchange. Hence Daimler Benz's dual publication of accounts according to German and US principles in 1993 – a decision which showed that a DM965m profit by German rules could become a DM949m loss under the US rules.

Several other German companies are in discussions to take similar steps, seeking listings in the US and complying with the country's Generally Accepted Accounting Principles.

There is a feeling of frustration that the European directives are now becoming extremely outdated. They make no reference to accounting for leases, for example, which were much less common when the fourth directive was drafted in the 1970s. Nor do they touch on such controversial topics as foreign currency conversion.

That has led to increasing anomalies. The UK's Accounting Standards Board, for instance, could not abolish "extraordinary items" in its FRS 3 standard because a definition of them exists in the fourth directive. If updating the standards means introducing strict new definitions that then become rigidified and outdated, many standards setters would prefer to keep the status quo.

"There are gaps which might need to be addressed but some people are frightened that if the directives are renegotiated to put new things in, it will make matters worse," says Mr Nobes.

Until now, EU member states have shown little willingness to reform the standards. Nevertheless, recent changes among senior staff at the European Commission suggest there may be renewed impetus for reform.

Within Europe, the accounting debate remains at its liveliest in the UK. The Accounting Standards Board established in 1990 is beginning to take on increasingly more controversial topics in its efforts to close perceived loopholes.

In the past three years, its standards on the cash flow statement, the profit and loss account and the presentation of capital instruments in the balance sheet have had a fundamental effect. In 1995, company reports will start to show the impact of tougher rules on pre-acquisition provision. This year will also see the intensification of the debate about goodwill and intangible assets, which could lead to an accounting standard during 1996. There are also likely to be modifications to the cash flow statement of some note.

FT500

Ranking 1994	1993	company	country	Market Capital $m	Sector	Turnover Rank	Turnover This year $m	Turnover Last year $m	per cent change	Profit this year $m	Profit last year $m	per cent change	ROCE	employees	Year ending
251	215	Credit Comm de France	Fra	2728.0	112		N/R	N/R		314.6	239.1	31.5 <	19.7	n/a	31/12/93
252	231	British Aerospace	UK	2690.2	523	34	16844.1	15618.3	7.8	-371.0	-1880.1			96800	31/12/93
253	282	Electrafina	Bel	2657.0	221		N/R	N/R		133.8	88.5	51.1	8.4	n/a	31/12/93
254	210	Cetelem	Fra	2653.0	112		N/R	N/R		299.6	207.1	44.7 a	26.6	2809	31/12/93
255	250	Burmah Castrol	UK	2646.6	214	161	4317.2	3771.4	14.5	303.4	256.6	18.2	19.4	22038 •	31/12/93
256	241	Societe Gen. de Surveillance	Swi	2642.2	481	265	2049.2	1918.5	6.8	206.8	212.6	-1.8	16.3	30770	31/12/93
257	218	Navigation Mixte	Fra	2640.1	171	209	3005.6	2957.1	1.6	149.7	125.9	18.9	4.3	27874	31/12/93
258	340	"Krupp, Fried. AG H-K"	Ger	2636.8	633	50	13237.8	14950.6	-11.5	-349.3	-137.5	+		86045 •	31/12/93
259	289	Degussa	Ger	2636.3	622	73	9620.6	8273.8	16.3	110.9	129.0	-14.0	6.1 y	32094	30/09/93
260	209	Credit Local de France	Fra	2631.1	122		N/R	N/R		359.2	340.8	5.4 <	17.6	n/a	31/12/93
261	205	CarnaudMetalbox	Fra	2607.0	671	153	4594.4	4686.9	-2.0	229.3	308.6	-25.7	15.4	31910	31/12/93
262	0	AssiDoman	Swe	2568.6	651	272	1944.5	1944.8		-18.3	0.0			12156 •	31/12/93
263	232	TI Group	UK	2538.5	565	257	2180.3	1799.2	21.2	196.0	136.6	43.2	21.0	24000	31/12/93
264	204	United Biscuits (Holdings)	UK	2526.1	451	131	5393.4	4881.3	10.5	182.7	254.1	-28.1	12.6	39352	01/01/94
265	236	Anglian Water	UK	2525.4	221	334	1076.9	913.0	18.0	207.0	290.2	-28.7	9.4	6031	31/03/94
266	286	Rheinelektra	Ger	2503.7	541	362	520.2	479.3	8.5	44.6	53.3	-16.4	11.4	3276 #	30/06/93
267	251	Caradon Group	UK	2502.8	171	304	1503.9	1040.1	44.6	334.1	196.6	69.8	51.5	12881	31/12/93
268	269	Tate & Lyle	UK	2502.0	451	121	5789.1	5156.5	12.3	348.3	296.6	17.4	17.7	15800	25/09/93
269	202	Guardian Royal Exchange	UK	2493.6	151		N/R	N/R		1176.8	234.8	400.7		7582 •	31/12/93
270	305	East Midlands Electricity	UK	2475.2	221	246	2261.3	2457.7	-8.0	80.2	242.8	-67.0	9.8	7590	31/03/94
271	482	Outokumpu	Fin	2474.2	634	198	3192.5	3050.9	4.6	108.3	-38.5		11.9 y	16073	31/12/93
272	217	Allied Irish Banks	Ire	2465.3	112		N/R	N/R		303.3	272.2	11.4 <	25.7	n/a •	31/12/93
273	222	Sears	UK	2465.2	492	200	3155.4	3189.7	-1.1	216.5	-74.9		11.7	40692	31/01/94
274	206	Creditanstalt-Bankverein	Aus	2452.9	112		N/R	N/R		170.2	143.4	18.7 a	7.8	7254	31/12/93
275	293	Midlands Electricity	UK	2444.6	221	253	2215.9	2405.9	-7.9	305.9	261.6	16.9	23.7	6207	31/3/94
276	337	OeMV	Aus	2437.9	212	90	7517.6	7597.0	-1.0	-404.9	-37.1		y	11743	31/12/93
277	245	Smith & Nephew	UK	2431.0	431	305	1485.1	1342.7	10.6	267.1	242.0	10.3	33.2	13099	31/12/93
278	212	Victoria Holding	Ger	2398.2	151		N/R	N/R		58.7	36.7	60.1		12179	31/12/93
279	267	Banque Bruxelles Lambert	Bel	2384.0	112		N/R	N/R		278.1	97.9	a	14.2	11255 •	31/12/93
280	472	KLM	Net	2377.7	301	139	4994.2	4735.1	5.5	67.0	-335.2		6.3	27535	31/03/94
281	240	Kaufhof	Ger	2373.8	491	55	12340.2	11197.5	10.2	294.2	252.8	16.5	17.5	61870	31/12/93
282	187	Pechiney International	Fra	2367.0	672	110	6503.0	6668.6	-2.5	118.6	549.3	-78.4	9.3	32779	31/12/93
283	238	Sydkraft	Swe	2358.5	221	317	1309.1	1090.5	20.0	276.7	198.5	39.4	16.1	5894	31/12/93
284	268	BPB Industries	UK	2358.3	611	280	1801.6	1760.3	2.3	168.6	90.0	87.3	13.1	11292	31/03/94
285	338	Lucas Industries	UK	2350.9	571	170	3894.6	3818.6	2.0	-203.0	77.5			46196 • •	31/07/94
286	287	London Electricity	UK	2350.2	221	266	2046.2	2140.6	-4.3	292.0	227.8	28.2	27.9	5532	31/03/94
287	294	Yorkshire Electricity	UK	2338.2	221	267	2047.4	2074.2	-1.3	233.2	244.7	-4.7	21.5	5764	31/03/94
288	343	Baloise Holding	Swi	2321.9	151		N/R	N/R		28.2	24.1	16.9 a		10011	30/04/94
289	308	Pilkington	UK	2310.9	611	162	4285.2	4027.1	6.4	153.1	63.7	140.3	7.3	41100	31/03/94
290	317	Atlas Copco	Swe	2302.2	566	234	2514.2	2128.7	18.1	176.5	136.8	28.5	16.8	18247	31/12/93
291	252	Skanska	Swe	2298.5	613	187	3358.4	3757.9	-10.6	148.5	-529.9		9.8	27398	31/12/93
292	220	Warburg S.G. Group	UK	2296.0	121		N/R	N/R		464.9	232.0	100.4 <	35.0	3835	31/03/94
293	277	Royale Belge	Bel	2289.9	151		N/R	N/R		203.5	170.2	19.6	y	5710	31/12/93
294	334	Sulzer	Swi	2289.0	563	136	5162.9	5274.5	-2.1	221.8	136.5	62.5	8.6 y	30770	31/12/93
295	141	GAN	Fra	2284.6	151		N/R	N/R		174.5	180.2	-3.2		36175	31/12/93
296	266	Bancaire (Compagnie)	Fra	2281.7	121		N/R	N/R		188.0	201.4	-6.7 <	10.8 y	6543	31/12/93
297	348	Pirelli Spa	Ita	2273.5	574	118	5905.4	5269.7	12.1	-32.4	-89.0		y	42132	31/12/93
298	239	Bouygues	Fra	2236.8	613	63	11549.0	11839.1	-2.5	139.3	227.3	-38.7	9.9	90107	31/12/93
299	356	Compania Espanola de Pet.	Spa	2215.6	214	149	4772.9	4098.0	16.5	138.3	114.0	21.3	11.8	8855	31/12/93
300	329	Asko Deutsche Kaufhaus	Ger	2200.1	491	62	11615.4	9320.4		326.9	-268.9		16.9	64434 •	30/09/93
301	424	Kymmene	Fin	2199.9	651	193	3287.2	2744.8	19.8	-22.2	-186.6			16934	31/12/92
302	227	Coats Viyella	UK	2180.3	412	173	3825.6	3302.8	15.8	235.3	170.6	37.8	17.8	78097	31/12/93
303	225	AGA	Swe	2162.9	621	259	2136.1	1578.5	35.3	207.7	183.1	13.4	15.9	15210	31/12/93
304	284	Laporte	UK	2143.0	622	312	1372.9	816.8	68.1	168.1	135.6	24.0	22.5	7330	02/01/94
305	338	Electrowatt	Swi	2128.3	561	179	3676.4	3573.8	2.8	231.1	200.9	15.1	8.5 y	17859	30/09/93
306	326	Cookson Group	UK	2104.4	621	249	2240.6	1937.2	15.7	146.7	93.8	56.8	14.0	13338 •	31/12/93
307	271	Powerfin	Bel	2099.3	221		N/R	N/R		266.8	261.2	2.2	14.8	n/a	31/12/93
308	256	Credito Italiano	Ita	2098.5	112		N/R	N/R		620.6	314.0	a	20.3	17275	31/12/93
309	0	Continente	Spa	2089.9	491	218	2900.0	2565.7	13.0	0.0	0.0			n/a •	31/12/93
310	350	NORWEB	UK	2085.1	221	242	2302.1	2212.7	4.0	279.1	245.9	13.5	26.3	8265	31/03/94
311	369	Berliner Kraft und Licht	Ger	2084.0	221	225	2768.0	2722.8	1.6	103.5	109.4	-5.4	3.3	11278 •	30/06/94
312	0	Union Miniere	Bel	2069.8	634	189	3299.2	3787.9	-12.9	-84.8	-86.8			13135	31/12/93
313	285	Incentive	Swe	2060.7	541	295	1631.8	1565.4	4.2	246.7	169.8	45.3	15.3	12086	31/12/93
314	295	TF1	Fra	2053.3	474	306	1464.5	1403.3	4.4	130.8	116.3	12.5	45.9 y	1608	31/12/93
315	441	V.N.U.	Net	2052.7	472	316	1330.6	1251.0	6.4	153.4	127.4	20.4	36.6	7598 •	31/12/93
316	314	Berendsen (Sophus)	Den	2037.2	481	297	1617.5	1273.1	27.1	335.0	198.9	68.4	56.1	27900 •	31/12/93
317	0	Lagardere Group	Fra	2028.3	171	69	10189.5	10401.1	-2.0	276.5	276.0	0.2	8.2	41904	31/12/93
318	263	BHF Bank	Ger	2027.3	112		N/R	N/R		193.5	155.9	24.1 <	14.5	3147	31/12/93
319	249	Scottish Hydro-Electric	UK	2011.5	221	321	1240.5	1123.7	10.4	257.0	229.2	12.2	19.7	3552	31/03/94
320	327	Delhaize	Bel	2011.1	492	64	11479.4	10246.7	12.0	104.1	426.2	-75.6	8.0 y	82200	31/12/93
321	315	Pollet	Fra	2007.4	611	176	3686.7	3739.9	-1.4	144.6	148.0	-2.3	8.5	17000	31/12/93
322	323	Bilfinger & Berger	Ger	1987.2	613	186	3370.2	3029.9	11.2	116.4	97.7	19.2	8.4 y	45819	31/12/03
323	331	Smiths Industries	UK	1970.5	566	330	1136.2	994.5	14.2	163.7	160.0	2.3	24.9	11535	31/07/93
324	246	NFC	UK	1963.2	306	212	2976.8	2698.5	10.3	164.2	140.7	16.7	23.8	32955 •	02/10/93
325	299	Bank of Ireland	Ire	1961.1	112		N/R	N/R		433.7	192.4	125.3 <	41.1	12183	31/03/94
326	387	Enso-Gutzeit	Fin	1958.5	652	228	2634.4	2070.2	27.3	90.4	72.3	25.1	2.4	17916	31/12/93
327	328	SKF	Swe	1951.2	568	172	3883.1	3543.9	9.6	-89.0	-238.3		y	41394	31/12/93
328	262	Synthelabo	Fra	1950.6	433	315	1360.0	1193.6	13.0	144.3	121.6	18.7	19.9	7261	31/12/93
329	417	Gehe	Ger	1946.6	433	106	6569.7	3508.8	87.2	110.1	98.2	12.0	25.2	13842	31/12/93
330	243	BICC	UK	1932.9	541	127	5657.5	5303.7	6.7	162.8	98.6	65.1	12.6	39151 •	31/12/93
331	332	Saint-Louis Group	Fra	1929.0	451	112	6449.0	6657.8	-3.1	322.6	401.3	-19.6	15.6	26943	31/12/93
332	341	CRH	Ire	1927.5	611	254	2209.6	1724.6	28.1	118.4	89.1	32.8	11.7	11751	31/12/93
333	304	Exor	Lux	1907.0	121		N/R	N/R		114.8	102.0	12.5 a	12.8	n/a	31/12/01
334	297	Smith (W.H.) Group	UK	1905.7	495	174	3822.2	3619.0	5.6	130.6	178.1	-26.7	15.6	30506	28/05/94
335	274	United Newspapers	UK	1903.6	473	309	1422.1	1301.7	9.3	215.6	172.0	25.3	41.7	11846	31/12/93
336	339	Castorama Dubois	Fra	1899.3	493	256	2192.7	1963.3	11.7	115.4	93.4	23.5	19.4	12141 •	31/12/93
337	310	Holzmann (Philipp)	Ger	1896.5	613	91	7491.7	6605.8	12.4	143.2	148.7	-3.7	8.8	43798	31/12/93
338	321	Hillsdown Holdings	UK	1876.7	451	96	7193.3	6845.6	5.1	254.1	241.2	5.3	14.0	43251 •	31/12/93
339	322	Thuega	Ger	1872.3	221	369	161.2	159.6	1.0	74.7	57.9	29.2	11.4	454	31/12/93
340	313	British Land	UK	1871.8	161		N/R	N/R		84.4	54.2	55.6	8.4	295	31/03/94
341	330	Casino	Fra	1850.2	493	59	11893.8	11625.2	2.3	144.2	124.9	15.5	12.6	45328 •	31/12/93
342	351	Cap Gemini Sogeti	Fra	1837.6	551	262	2061.6	2243.3	-7.2	-62.1	18.6			20000	31/12/93
343	272	Tarmac	UK	1835.6	613	165	4178.5	4594.4	-9.1	-67.5	-548.4			24814	31/12/93
344	275	Harrisons & Crosfield	UK	1835.6	512	184	3459.6	3026.0	14.3	153.4	133.1	15.3	13.9	30975	31/12/93
345	355	Kvaerner	Nor	1812.8	592	180	3610.1	2942.4	22.7	194.1	137.2	41.5	13.8 y	23420	31/12/93
346	325	Lasmo	UK	1797.7	213	336	1061.4	972.1	9.2	-14.1	-410.1			1572 •	31/12/93
347	405	Unidanmark	Den	1791.2	112		N/R	N/R		159.2	-744.6	<	16.4	11499	31/12/93
348	349	Hays	UK	1783.1	481	311	989.2	746.9	32.4	137.5	104.3	31.8	51.6	7711	30/06/94
349	265	Credit Foncier de France	Fra	1781.6	121		N/R	N/R		130.0	95.9	35.5 <	17.7	3378 •	31/12/93
350	288	Suedzucker	Ger	1780.3	451	165	3380.1	3389.9	-0.3	113.3	130.8	-13.4	9.1	10243	28/02/94
351	335	Deutsche SB-Kauf	Ger	1776.5	493	143	4906.5	2423.6	102.5	145.3	61.8	135.2	18.5	25853	30/09/93
352	270	Fondiaria	Ita	1770.3	151		N/R	N/R		-330.2	-575.4			n/a	31/12/93
353	0	Credito Romagnolo	Ita	1766.6	112		N/R	N/R		263.9	170.5	54.8 a	17.2 y	6836	31/12/93
354	396	T & N	UK	1763.1	591	231	2602.1	2176.1	19.6	110.1	98.6	11.6	12.7	40978	31/12/93
355	258	Northern Foods	UK	1752.6	451	195	3207.0	3171.7	1.1	246.1	239.5	2.7	35.4	29709	31/03/94
356	0	Hennes & Mauritz	Swe	1743.4	491	318	1301.9	1074.5	21.2	167.2	133.5	25.2	49.5	7586	30/11/93
357	296	Mercury Asset Management	UK	1741.8	122		N/R	N/R		171.5	128.8	33.1	48.1	637	31/03/94
358	413	Pargesa Holding	Swi	1731.7	122		N/R	N/R		123.6	140.6	-12.1 a	6.5	n/a •	31/12/93
359	372	Skandia Forsakring	Swe	1718.0	152		N/R	N/R		258.4	-429.5			10523	31/12/93
360	368	BIC	Fra	1711.8	405	328	1144.9	1113.3	2.8	158.7	147.3	7.7	17.3 y	8390 •	31/12/93
361	378	Danisco	Den	1707.7	451	260	2104.2	2134.1	-1.4	169.0	135.4	24.8	13.3	11055	30/04/94
362	416	Audiofina	Lux	1706.3	474	241	2361.8	1970.3	19.4	300.3	283.8	5.8	43.5	2616	31/12/93
363	361	Cimenteries CBR	Bel	1705.7	611	302	1518.8	1474.7	2.9	142.2	143.3	-0.8	11.6	11553	31/12/93
364	425	Schindler	Swi	1701.5	565	181	3502.5	3498.4	0.1	189.9	152.7	24.3	12.6	31969 •	31/12/93
365	283	English China Clays	UK	1696.3	631	283	1770.0	1512.7	17.0	137.9	156.9	-12.1	10.0	11020	31/12/93
366	309	SAI	Ita	1692.6	151		N/R	N/R		65.3	48.1	35.6		2909 •	31/12/93
367	0	Hapag Lloyd	Ger	1690.9	303	233	2523.5	2444.0	3.3	43.3	43.8	-1.3	6.3	5667	31/12/93
368	407	Docks de France	Fra	1686.7	493	95	7231.8	6052.0	19.5	124.0	100.0	24.0	22.2 y	32565	31/12/93
369	303	Olivetti	Ita	1683.9	534	130	5500.2	5125.3	7.3	-271.9	-357.1		y	35171	31/12/93
370	273	Autopistas	Spa	1676.3	304	366	340.1	336.8	1.0	181.3	185.3	-2.2	12.3	1065	31/12/93
371	432	Bekaert	Bel	1659.5	633	289	1704.3	1668.6	2.1	84.8	105.2	-19.4	8.1	11015	31/12/93
372	333	Yorkshire Water	UK	1640.9	221	353	830.8	753.9	10.2	224.8	217.0	3.5	12.1	4768	31/03/94
373	393	Johnson Matthey	UK	1636.5	641	207	3060.4	2901.8	5.5	102.4	115.5	-11.4	15.2	6287	31/03/94
374	383	Sirti	Ita	1622.7	533	340	997.0	973.5	2.4	325.9	290.0	12.4	27.1 y	10832 •	31/12/93
375	420	Ems-Chemie	Swi	1621.6	622	357	644.1	655.2	-1.7	191.2	154.2	24.0	23.3 y	2644 •	31/12/93

EUROPEAN 500

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NOTES

258 Krupp, Fried. AG H-K 1992 figures are pro forma.
262 AssiDoman Stock exchange listing 4/94. Merger of Assi, Doman and Nob. Figures are pro forma. ROCE based on pre-tax loss and net interest.
269 Guardian Royal Exchange employees = UK only.
272 Allied Irish Banks last year's figures for 9 months to 31/12/92.
279 Banque Bruxelles Lambert year end changed to December. Previous year's figures for 15 months to 31/12/92.
285 Lucas Industries This year's pre-tax profits after exceptional item of £213.9m
300 Asko Deutsche Kaufhaus last year's figures are for nine months to 30/9/92.
309 Continente stock exchange listing 3/94.
315 V.N.U. 1992 figures are pro forma reflecting the Printing group as a 100 per cent non-consolidated subsidiary.
341 Casino ROCE based on pre-tax profit and net interest.
349 Credit Foncier de France employees = parent company.
358 Pargesa Holding profit is net of tax.
360 BIC ROCE based on pre-tax profit and net interest.
364 Schindler ROCE based on pre-tax profit and net interest.
366 SAI profit is net of tax.

FT500

EUROPEAN 500

376-500

Ranking 1994	1993	Company	Country	Market Cap $m	Sector	Turnover Rank	Turnover This year $m	Turnover Last year $m	Turnover per cent change	Profit This year $m	Profit Last year $m	Profit per cent change	R.O.C.E.	Employees	Year ending
376	430	Seaboard	UK	1620.8	221	274	1908.9	1918.9	-0.8	209.2	178.4	10.9	24.1	8839	31/03/94
377	452	Bon Marche	Fra	1612.8	495	135	5209.6	4740.8	9.8	992.9	889.8	11.6	20.8	18898	31/12/93
378	300	Hafslund Nycomed	Nor	1611.2	591	351	860.1	782.9	11.4	231.1	209.3	10.4	30.8 y	4307	31/12/93
379	298	BolsWessanen	Net	1606.9	451	213	2967.7	2884.4	2.9	193.4	185.1	4.5	29.3	8972 •	31/12/93
380	434	Altana	Ger	1601.4	433	261	1779.8	1697.3	4.9	109.7	122.1	-10.8	18.4	10147	31/12/93
381	324	Italgas	Ita	1600.1	222	243	2286.7	2067.2	10.8	83.8	112.9	-26.2	7.7 y	10226	31/12/93
382	376	Chargeurs	Fra	1598.0	171	298	1623.7	1902.7	-14.7	-16.3	149.4			9836	31/12/93
383	360	Transatlantic Holdings	UK	1594.2	122		N/R	N/R		104.9	88.4	18.6	7.7	1070	31/12/93
384	0	Komercni Banka	Cze	1591.3	112		N/R	N/R		446.1	-152.0			n/a	31/12/93
385	374	Lonrho	UK	1588.7	171	208	3115.2	4574.2	-31.9	269.3	178.5	50.9	10.1	99309 •	30/09/93
386	0	Finmeccanica	Ita	1578.8	583	98	6976.3	7071.8	-1.4	9.4	67.4			52600 •	31/12/93
387	320	Dalgety	UK	1563.8	451	86	7757.2	6998.0	10.8	188.0	175.6	7.0	26.1	16609	30/06/94
388	403	Associated British Ports	UK	1562.9	303	364	355.2	344.4	3.1	97.2	-57.3		10.3	2409	31/12/93
389	312	Fomento de Construcciones	Spa	1552.4	611	222	2865.0	2971.5	-3.6	160.3	173.3	-7.5	22.0	31869	31/12/93
390	408	IKB Deutsche Industriebank	Ger	1551.0	112		N/R	N/R		128.5	119.9	7.1 a	12.8	1047	31/03/94
391	0	Mo och Domsjo	Swe	1534.4	651	245	2271.8	2095.7	8.4	-34.0	-125.4			11414	31/12/93
392	318	Worms et Cie	Fra	1534.0	171		N/R	N/R		142.7	116.8	22.1	8.2	35970	31/12/93
393	367	Daily Mail and General Trust	UK	1512.0	472	335	1070.8	1039.9	3.0	104.4	60.1	73.7	14.7	8070	03/10/93
394	379	Southern Water	UK	1509.9	221	361	644.3	499.7	8.9	199.6	186.6	7.0	14.0	3479	31/03/94
395	377	Banco Comercial Portugues	Por	1507.4	112		N/R	N/R		174.9	168.4	3.8 a	18.1 y	4086	31/12/93
396	0	VA Technologie	Aus	1499.9	563	264	2084.6	2165.5	-4.7	89.4	84.7	5.5		13256 •	31/12/93
397	0	Den norske Bank	Nor	1495.4	112		N/R	N/R		137.8	-453.9			6644	31/12/93
398	401	SEB	Fra	1494.4	402	299	1693.3	1582.7	1.3	97.3	95.0	2.4	17.9 y	9980	31/12/93
399	347	Argos	UK	1492.9	495	264	1737.2	1571.0	10.6	130.8	82.8	57.6	36.5	12631 •	01/01/94
400	291	BET	UK	1492.2	171	205	3090.2	3406.7	-9.3	144.0	-15.3		17.6	105123	02/04/94
401	0	Ferruzzi Finanziaria	Ita	1491.2	171	46	14563.2	12708.7	14.6	-1769.0	-1537.2			48172	31/12/93
402	446	Morrison (Wm) Supermarkets	UK	1487.7	493	238	2408.3	2061.2	16.8	153.2	131.2	16.7	21.0	20827	30/01/94
403	373	IMI	UK	1484.6	671	291	1666.8	1574.2	5.9	109.9	106.4	3.2	13.1	17198	31/12/93
404	402	Almanij	Bel	1481.4	122		N/R	N/R		179.2	108.9		13.7 y	156 •	31/12/93
405	461	Imetal	Fra	1478.0	634	325	1187.5	1102.2	7.7	84.0	73.9	13.8	8.5	5646	31/12/93
406	380	Electrocomponents	UK	1477.6	551	356	620.7	606.6	2.3	113.8	81.2	40.1	48.3	2646	31/03/94
407	398	Bankinter	Spa	1474.8	112		N/R	N/R		209.9	201.9	4.0 a	21.8 y	2057	31/12/93
408	442	Manweb	UK	1471.4	221	307	1455.2	1440.0	1.1	197.7	174.1	13.6	24.2	4604	31/03/94
409	473	Swissair	Swi	1471.1	301	141	4965.9	4819.3	3.0	65.9	102.4	-35.6	4.1 y	25026	31/12/93
410	358	Safra Republic Holdings	Lux	1471.1	112		N/R	N/R		128.7	95.1	35.4 <	11.5	n/a	31/12/93
411	436	Northern Electric	UK	1464.1	221	298	1613.2	1381.8	16.7	201.8	174.4	15.5	25.8	4714	31/03/94
412	397	Welsh Water	UK	1464.0	221	354	801.7	598.6	33.9	225.7	243.4	-7.3	13.4	6600	31/03/94
413	406	Deutsche Pfandbrief-und HypoBank	Ger	1462.8	112		N/R	N/R		101.8	83.5	21.6 a	10.5	1819	31/12/93
414	370	Wessex Water	UK	1444.6	221	367	340.0	321.9	5.6	161.7	134.6	20.1	11.5	1852	31/03/94
415	414	Continental	Ger	1443.3	574	117	6048.9	6256.0	-3.3	47.8	100.2	-52.3	6.5	49848	31/12/93
416	457	IFIL	Ita	1443.2	171		N/R	N/R		172.3	130.6	31.9	13.8	32	31/12/93
417	419	Sevillana de Electricidad	Spa	1434.3	221	269	2009.8	1945.3	3.3	126.1	128.8	-2.1	7.1	5999	31/12/93
418	362	Slough Estates	UK	1429.9	101		N/R	N/R		83.0	72.6	14.2	7.1	420	31/12/93
419	455	South Western Electricity	UK	1426.1	221	311	1408.3	1396.4	0.9	182.8	158.3	15.5	20.7	5400	31/03/94
420	437	GIB Group	Bel	1421.8	491	93	7307.3	7149.9	2.2	-75.1	129.1			52637	31/12/93
421	431	Cobepa	Bel	1418.1	112		N/R	N/R		149.7	115.5	29.7 a	11.5	n/a	31/12/93
422	435	Fromageries Bel	Fra	1417.4	451	314	1362.7	1341.5	1.6	105.0	104.4	0.6	23.3	6383	31/12/93
423	493	Aare-Tessin	Swi	1416.7	221	327	1176.7	1089.7	7.9	133.4	103.9	28.4	7.6	1822 •	31/12/93
424	364	Gomina	Ita	1416.6	131		N/R	N/R		182.8	105.3	73.4		n/a	30/06/93
425	375	Saga Petroleum	Nor	1414.6	213	359	605.3	614.7	17.6	148.1	118.0	25.4	10.6	1337	31/12/93
426	319	Trafalgar House	UK	1410.1	171	110	6072.6	6104.4	-0.5	-543.6	-17.5		29.6	35949	30/09/93
427	0	Trelleborg	Swe	1409.2	566	221	2874.7	3075.3	-6.5	-201.8	-208.0		y	13869	31/12/93
428	394	Hammerson	UK	1409.0	161		N/R	N/R		62.3	12.4	403.8	6.6	368	31/12/93
429	353	Wuerttembergische AG Versich	Ger	1402.3	151		N/R	N/R		69.7	60.4	15.3		5595	31/12/93
430	404	Booker	UK	1401.1	591	128	5586.6	5386.8	3.7	136.0	100.3	28.0	20.8	21047	31/12/93
431	0	Hoogovens	Net	1391.9	633	107	4167.8	4447.3	-0.5	-119.6	-101.4			23612	31/12/93
432	345	Orkla	Nor	1391.6	591	229	2628.2	2473.5	6.3	193.7	46.4	317.8	18.4 y	16061	31/12/93
433	412	Baden-Wuerttembergische Bank	Ger	1391.2	112		N/R	N/R		52.6	42.5	23.6 a	10.5 y	2321 #	31/12/93
434	445	Next	UK	1391.2	491	350	851.9	758.8	12.3	116.1	60.9	88.9	34.4	9115	31/01/94
435	400	Banco Ambrosiano Veneto	Ita	1383.7	112		N/R	N/R		320.4	230.8	41.0 <	23.0	8975	31/12/93
436	426	Springer (Axel)	Ger	1382.9	472	251	2223.9	2302.2	-3.4	63.3	54.8	15.4	7.9 y	12187	31/12/93
437	0	SSAB	Swe	1374.6	633	285	1728.0	1579.2	9.4	102.6	-18.8		10.0	9710	31/12/93
438	352	Kwik Save Group	UK	1350.6	493	168	4150.3	3630.2	14.3	197.4	173.1	14.0	39.7	22198	31/08/93
439	411	AGIV	Ger	1350.6	171	120	5814.1	5046.2	15.2	122.1	156.8	-22.1	8.0	41155	31/12/93
440	433	Greenalls Group	UK	1339.6	421	347	904.0	828.2	9.2	107.0	66.3	61.4	9.1	18942	24/09/93
441	366	Chubb Security	UK	1317.9	406	332	1097.3	1082.2	1.4	120.8	96.7	24.9	43.2	18735	31/03/94
442	260	Metallgesellschaft	Ger	1317.6	634	33	16846.8	16500.6	2.1	-1210.1	158.3			44268	30/09/93
443	474	Sagem	Fra	1316.5	521	236	2461.1	2313.1	6.4	177.6	156.8	13.2	24.7 y	14495	31/12/93
444	427	Wienerberger Baustoffindustrie	Aus	1314.6	613	331	1112.1	1074.6	3.5	76.6	51.0	49.9	9.1	5629	31/12/93
445	423	Comptoirs Modernes	Fra	1311.4	495	158	4482.8	4223.0	5.7	105.4	98.5	6.9	17.8	17124	31/12/93
446	454	Security Services	UK	1309.3	406	343	864.9	881.2	9.5	67.7	48.1	41.0	25.8	40700	30/09/93
447	382	Parmalat	Ita	1302.9	451	279	1817.0	1031.0	76.2	73.2	89.3	-18.0	36.3	9558	31/12/93
448	418	Pirelli Internationale	Swi	1299.3	481		N/R	N/R		-38.8	-69.7			42132 •	31/12/93
449	471	Metsa-Serla	Fin	1297.4	652	292	1661.9	1563.7	6.3	152.4	18.1	743.1	12.9	9047	31/12/93
450	344	Burton Group	UK	1288.1	491	214	2963.5	2762.4	7.3	29.0	-1.3		4.8	35562	28/08/93
451	359	Toro (Assicurazioni)	Ita	1287.5	151		N/R	N/R		137.1	116.7	17.4		2171	31/12/93
452	0	Avesta Sheffield	Swe	1281.7	633	278	1868.1	1009.5		-36.4	-72.9		y	8422 •	31/12/93
453	0	Smith (David S) Holdings	UK	1281.7	652	323	1226.4	812.3	50.9	66.1	42.4	55.7	15.7	8113	30/04/94
454	462	HEW	Ger	1280.2	221	282	1773.1	1740.3	1.9	111.0	104.7	6.1	5.4 y	5714	31/12/93
455	410	C.G.I.P.	Fra	1277.3	171	133	5280.9	5394.2	-2.1	347.3	420.6	-17.4	14.7	34293 •	31/12/93
456	0	Rautaruukki	Fin	1270.8	663	310	1414.3	1312.6	7.7	4.6	-105.7		8.0	9437	31/12/93
457	488	Lapeyre	Fra	1270.3	611	352	834.7	784.4	6.4	78.6	77.5	1.4	26.6	n/a	31/12/93
458	0	UAF	Fra	1269.8	151		N/R	N/R		122.5	63.4	93.1		493 •	31/12/93
459	311	Fisons	UK	1265.9	433	283	2073.3	2010.3	3.1	1.6	193.5	-99.2	4.4	13364	31/12/93
460	0	Mondadori	Ita	1260.9	472	329	1141.4	1022.0	11.7	88.7	52.7	68.3	37.5 y	4441	31/12/93
461	451	Union Electrica-Fenosa	Spa	1256.5	221	235	2501.0	2398.5	4.3	131.9	147.8	-10.8	9.2	6056	31/12/93
462	0	Landis & Gyr	Swi	1256.5	541	248	2246.5	2312.5	-2.9	107.6	89.3	20.5	11.6 y	16011	30/09/94
463	465	Codan Group	Den	1256.4	151		N/R	N/R		151.9	-4.1			3092	31/12/93
464	0	Oerlikon-Buehrle	Swi	1252.0	521	255	2209.4	2617.0	-15.6	88.5	54.1	58.2	6.6	15565	31/12/93
465	184	Banesto Group	Spa	1239.4	112		N/R	N/R		229.9	478.2	-51.9 a	10.0 y	15927	31/12/92
466	381	Sedgwick Group	UK	1239.2	142		N/R	N/R		110.4	88.8	24.3		13593	31/12/93
467	0	Securicor Group	UK	1236.1	406	339	997.6	913.9	9.2	98.6	74.1	33.1	25.3	41223	30/09/93
468	421	Rugby Group	UK	1233.7	611	326	1182.6	1017.7	16.2	99.9	90.2	10.8	16.4	8168	31/12/93
469	369	Storehouse	UK	1230.3	491	294	1636.7	1783.6	-8.2	97.7	23.8	310.5	14.0	18095 •	02/04/94
470	456	Bergesen d.y. Group	Nor	1226.4	303	363	430.6	388.7	10.8	19.4	2.9	560.0	3.7	2431	31/12/93
471	0	WPP Group	UK	1224.9	475	250	2239.7	1992.8	12.4	85.1	12.2	599.7	67.6	20416	31/12/93
472	495	South Wales Electricity	UK	1224.8	221	344	947.7	917.3	3.3	162.8	136.2	19.6	28.5	3350	31/03/94
473	470	Remy Cointreau	Fra	1223.4	422	322	1227.9	1127.2	8.9	64.3	51.6	24.6	16.8	3611	31/03/94
474	392	Unigate	UK	1222.9	451	204	3099.6	3013.5	2.9	160.3	158.7	1.0	23.1	27283	31/03/94
475	371	AVA	Ger	1220.3	491	160	4376.5	3976.2	10.0	103.1	113.4	-9.1	18.5 y	23970	31/12/93
476	0	EVN	Aus	1216.0	221	342	965.7	946.1	2.1	70.6	59.4	18.8	4.9	2884	31/08/94
477	399	Lahmeyer	Ger	1202.8	613	370	98.9	141.6		30.0	39.0		9.6	190 •	30/06/94
478	357	Volksfuersorge	Ger	1195.7	151		N/R	N/R		138.1	120.7	7.4	y	7285	31/12/93
479	0	Italcementi	Ita	1195.6	611	192	3296.2	1093.8		-80.5	15.7			20220 •	31/12/93
480	0	Ecco	Fra	1195.4	481	240	2354.7	2468.3	-4.6	82.8	76.7	7.9	18.3	84986	31/12/93
481	449	Fecsa	Spa	1192.0	221	290	1703.8	1624.4	4.9	78.6	119.9	-34.4	7.4	n/a	31/12/93
482	342	Salvesen (Christian)	UK	1187.4	302	348	873.5	826.5	5.7	116.0	118.8	-2.4	19.8	11572	31/03/94
483	0	Compass Group	UK	1186.3	464	355	778.0	540.2	44.0	65.0	49.8	30.5	48.2	25872	26/09/93
484	409	MFI Furniture Group	UK	1184.7	406	337	1032.2	945.4	9.2	137.4	62.9	118.4	43.9	7134 •	30/04/94
485	0	SIDEL	Fra	1182.6	622	365	341.4	289.8	17.8	52.2	44.8	16.5	40.7 y	822 •	31/12/93
486	439	MAI	UK	1177.9	122		N/R	N/R		137.6	125.5	9.6	30.2	5091	30/06/94
487	467	BBA Group	UK	1177.1	571	262	2216.8	2070.4	7.2	-20.0	74.2			21388	31/12/93
488	438	Mapfre (Corp)	Spa	1169.1	161		N/R	N/R		70.0	54.0	29.5		5251	31/12/93
489	491	Emap	UK	1164.8	473	380	567.3	498.3	13.9	71.5	66.4	7.8	208.6	5106	02/04/94
490	307	Euro Disney	Fra	1165.3	461	333	1080.7	1597.5	-32.4	-1007.4	-64.0		y	11865	30/09/93
491	388	Sefimeg	Fra	1163.6	161		N/R	N/R		97.9	97.9		12.2	208	31/12/92
492	459	FKI	UK	1163.4	563	319	1243.7	1183.7	5.1	81.8	59.6	37.4	16.2	11221	31/03/94
493	0	Hagemeyer	Net	1151.1	491	247	2258.9	1959.6	15.3	104.8	92.5	13.3	27.9	6288	31/12/93
494	386	Simco	Fra	1148.8	161		N/R	N/R		86.4	86.3		8.9	222 #	31/12/93
495	390	Britannic Assurance	UK	1148.5	141		N/R	N/R		43.6	37.2	17.8		4681	31/12/93
496	469	Bunzl	UK	1145.9	652	239	2378.7	2050.7	16.0	87.4	63.2	38.1	19.6	8046	31/12/93
497	422	Hepworth	UK	1146.3	611	338	1024.9	982.3	4.3	91.3	70.1	30.1	24.5	9047	31/12/93
498	0	Elan Corp	Ire	1141.6	433	368	165.7	139.0	19.2	-76.7	34.9			814	31/03/94
499	0	Merkur Holding	Swi	1133.6	495	261	2100.3	1960.3	7.1	82.6	78.0	18.8	11.7	11152	31/12/93
500	483	Baer Holdings	Swi	1129.4	112		N/R	N/R		160.1	67.2	138.1 <	32.2 y	1413	31/12/93

NOTES

379 BolsWessanen 1992 figures are pro forma
386 Finmeccanica profit is net of tax.
396 VA Technologie stock exchange listing May 94.
399 Argos last year's figures for 53 weeks to 3/1/93.
404 Almanij last year's figures for nine months to 31/12/93.
423 Aare-Tessin change of year end to December. 1992 figures are pro forma to 31/12/92.
441 Chubb Security 1993 figures are pro forma.
448 Pirelli Internationale profit is net of tax. Employees = Pirelli group.
452 Avesta Sheffield merger of Avesta AB and the stainless steel operations of British Steel Nov 92.
455 C.G.I.P. 1992 figures restated to reflect full consolidation of CarnaudMetalbox.
458 UAF Stock exchange listing 1/94. 1992 figures are pro forma.
469 Storehouse this year's figures for 53 weeks to 2/4/94.
477 Lahmeyer, figures not comparable due to demerger of Piller GmbH 1993
479 Italcementi profit is net of tax.
484 MFI Furniture Group this year's figures for 53 weeks to 30/4/94. Last year's figures are pro forma.
485 SIDEL Stock exchange listing 10/93.

FT500

MEDIA

Controversy haunts top press giant

Three companies made the most significant progress, two of them Dutch and one British, says Raymond Snoddy

Reed Elsevier, the Anglo-Dutch international publishing and information group, has retained its position at the head of Europe's media companies by holding on to the 41st slot in the table underpinned by a 29.6 per cent increase in profit to $835.9m.

The group, which has increasingly specialised in the provision of professional information often provided in electronic form, survived in the top media slot despite upsets caused by the departure of Peter Davis, former co-chairman of the group, after a dispute over management responsibilities.

There was further controversy when Mr Davis, the man who oversaw the merger between Reed International of the UK and Elsevier of The Netherlands in 1993 received a compensation package of more than £2m. Although the pay-off angered some institutional shareholders it was defended by new co-chairman Ian Irvine because Reed's share price tripled while Mr Davis was at the helm. Because of its aggressive acquisition policy, Reed Elsevier will be even more difficult to dislodge from the top media slot next year.

In October the company which in 1993 bought Official Airline Guides of the US for £275m spent $1.5bn on the purchase of Mead Data Central, the American legal and data base provider. The purchase, financed with the help of $1bn in dollar-denominated borrowings, increases the proportion of Reed Elsevier group turnover generated from the US to 44 per cent and raises professional publishing turnover to 25 per cent.

Reuters Holdings, the international news and information group, continues to consolidate its position as number two in the sector and lifted its ranking from 54th to 46th. Sales for the first nine months grew by 23 per cent to £1.68bn reflecting good business conditions as well as recent acquisitions.

Sales growth by Instinet, the US-based equity brokerage service and Thamesway, the institutional broker acquired last November, both contributed to a sharp rise in transactional products. The group had a capitalisation of $12.39bn on September 30, $634m behind Reed.

■ Companies by market capitalisation

	Company	$m	Rank 1994	Sector
1	Reed Elsevier	13032.5	41	472
2	Reuters Holdings	12398.7	46	474
3	Pearson	5025.5	130	472
4	Wolters Kluwer	4683.2	136	472
5	Havas	3913.8	167	475
6	Canal +	3320.3	200	474
7	Carlton Communications	2981.8	226	474
8	De La Rue	2778.2	244	472
9	TF1	2053.3	314	474
10	V.N.U.	2052.7	315	472
11	United Newspapers	1903.6	335	473
12	Audiofina	1706.3	362	474

In another very different league table, when Europe's leading executives were asked to name the company in their sector that they most admired, Reuters easily came top with five times more commendations than anyone else, pushing Reed Elsevier into second place.

Pearson, the media group that owns the Financial Times, held on to third place in the media section and kept its position at 130 with turnover up 14.3 per cent to $2.56bn and profits up 14.9 per cent at $688.8m.

The Pearson performance was influenced by a large multimedia acquisition – the purchase of Software Toolworks, the games and CD-Rom publishers, which has since been renamed Mindscape.

Three companies made the most significant progress up the FT500 media table – two of them Dutch and one British.

Dutch publisher Wolters Kluwer rose 31 places to 136 as the company embarked on a stream of foreign acquisitions financed from internal resources. The company, which specialises in professional, scientific and educational publishing, has a policy of expanding in Europe. This led last year, for instance, to the takeover of Sweden's Liber Group and a growing interest in eastern Europe. VNU, the other Dutch media group whose interests range from business magazines to commercial television, rose 126 places to 315 has also grown internationally by acquisition.

In January, VNU announced a $220m deal that gave it control over two "bibles" of the West Coast entertainment industry, the daily Hollywood Reporter and Billboard. In June, the company also bought Institutional Brokers Estimate System from Citicorp. IBES is the world's largest supplier of corporate earnings estimates.

The strong performance of Reed Elsevier, Reuters, Walters Kluwer and VNU all testify to the growing importance and value of professional information in all its forms.

The main UK riser – Carlton Communications, up 21 places to 226, owes its position mainly to its growing presence in commercial television although Carlton was originally built on domination of professional services to the television industry.

In the 12 months to September, Carlton increased pretax profits by 51 per cent to £190m boosted by the acquisition of Central, the Midlands ITV company and the second largest in the ITV system, to add to its London weekday television franchise. The largest individual rise was the Luxembourg group Audiofina which went up 54 places to 362 on the back of turnover that rose from $1.97bn to $2.35bn this year.

During the year, Groupe Bruxelles Lambert, Belgium's second largest company, announced an increase in its holding of Audiofina from 52.5 per cent to 55.3 per cent as part of a restructuring with Havas, the French media group. Audiofina is the media holding company that controls CLT, the fast-growing broadcasting group.

Havas, along with two other French groups TF1 and Canal Plus, were among the losers. Canal Plus fell 71 places to 200 under the influence of recession in France and a fall in first half profits announced in September, coupled with a warning for the full year. However, Canal Plus is likely to be the first European broadcaster to launch digital television services.

TF1 fell 19 places to 314 under the influence of static profits announced in April and Havas dropped to 167. Two British newspaper groups, United Newspapers and Daily Mail and General Trust, fell down the league table although profits held up well.

RETAILING

Life is tough as recession hits home

As they enter the second half of the decade, retailers are hoping it may be a little easier than the first, says Neil Buckley

More retailers appear in this year's European 500 than last year, in spite of the fact that retailers did not enjoy the best of years on Europe's stock exchanges.

Thirty-eight retailers are in the list, against 37 last year, but of the 32 that feature in both lists, 17 are in lower positions this year. The majority of the retailers – 23 – are in the bottom half of the European 500, and only six retailers make it into the top 100 companies.

Continuing recession in some parts of Europe and only slow recovery in others means consumer spending growth is still slow, making life tough for retailers.

In the UK, which went into and started to come out of recession earlier than some continental European neighbours, the biggest tax increases since the second world war, coupled with two interest rate rises and a government beset by problems has left consumer confidence very weak.

That meant British stores groups, many of which are highly-placed among retailers in the European 500, only slightly outperformed the rest of the London stock market in 1994. Their share prices fell in late autumn amid fears of lacklustre trading in the crucial Christmas period, when many of them make a large proportion of annual profits. Shares recovered slightly in the week before Christmas, however, with signs of an upturn in trading.

Investors remain sceptical of recovery prospects, and have not seen the retail sector as one in which to be heavily weighted, preferring more defensive stocks such as the privatised utilities – a sector further enlivened late in the year by Trafalgar House's takeover bid for Northern Electric, the regional electricity company.

The UK food retailing sector has performed slightly better, with confidence improving after a difficult 1993. Apart from Tesco and Wm Morrison, however, which both moved up the European 500, the other big UK grocers J Sainsbury, Argyll, Asda and Kwik Save, all slipped.

UK companies, however, still dominate the list of retailers, accounting for 17 out of the total of 38, and no fewer than eight of the top 10. France is next with eight (from nine last year) before Germany with five (down from six), and the Netherlands, Spain and Belgium with two each. Sweden and Switzerland all provide one retailer each.

A ranking system based on market capitalisation, however, overstates the UK's relative strength in retailing, by omitting many mainly French and German groups which are either privately-owned, co-operatives or buying groups.

■ Companies by market capitalisation

	Company	$m	Rank 1994	Sector
1	Marks and Spencer	17562.3	20	491
2	Sainsbury J	11286.8	53	493
3	Carrefour	10158.5	59	493
4	Great Universal Stores	8958.7	73	493
5	Boots Company	8591.6	77	492
6	Tesco	7643.1	88	493
7	Vendome	5448.0	120	495
8	Kingfisher	5105.9	127	491
9	Argyll Group	4837.8	135	493
10	Pinault-Printemps-Redoute	3764.6	173	491
11	Ahold	3385.6	196	493
12	Promodes	3276.6	202	491

A comparison of the European 500 with rankings recently prepared by the Management Horizons retail consultancy of the top European retailers by turnover (albeit for 1993, not 1994) is instructive.

Only the UK's Sainsbury (the second-highest retailer in the European 500 at 53rd, and the ninth-biggest by turnover according to Management Horizons) and French food retailer Carrefour (third-highest retailer in the European 500 and fourth-biggest by turnover) appear in both lists. Promodès, the French food retailer, is the 10th biggest retailer by turnover, but the 11th highest of the European 500 retailers.

Germany's Metro (with turnover of £32.2bn in 1993), Tengelmann (£19.6bn), Rewe (£16.2bn), Edeka (£11.9bn) and Aldi (£11.8bn), as well as France's Centres Leclerc (£13.5bn) and Intermarché (£13.8bn) do not appear in the European 500.

Interestingly, the list of the top 10 European retailers by pre-tax profit, from the same source, resembles the list of top retailers in the European 500 much more closely. The UK's Marks and Spencer, J Sainsbury, Tesco, Great Universal Stores, Boots and Argyll, as well as France's Carrefour, all figure in both.

Some of the same names appear in Management Horizons' list of the top 10 European retailers by operating profit margin, including Great Universal Stores at 16.8 per cent, and Marks and Spencer at 13 per cent

There are some newcomers to the list, including Continente, the Spanish hypermarket operator, at 309. Fifteen per cent of the group, which is controlled by France's Promodès, was brought to the market on Madrid's Bolsa in March, and immediately became one of the Ibex-35 group of blue-chip stocks.

Another newcomer is Hennes & Mauritz, the Swedish fashion retailer, at 356. The group is the largest specialist clothing retailer in Sweden, and one of the leading fashion chains in Scandinavia, with stores in a number of other European countries including the UK, Germany, and the Netherlands. Some retailers have departed from the list since last year. Dixons, the UK's largest electrical retailer, has dropped out after its shares suffered from a disappointing Christmas in 1993, a difficult electricals market in 1994, and fears about the impact on its profits of an investigation by the UK's Office of Fair Trading into sales of extended warranties on electrical goods.

La Rinascente, Italy's biggest retailer, which slipped into the list at 468 last year, is another to have fallen out this year. Meanwhile, La Redoute, the French mail order group, has lost its individual listing after retail group Pinault-Printemps, which previously held 54 per cent of Redoute, bought out minority shareholders in May.

The takeover made Pinault-Printemps-Redoute one of the largest climbers in the European 500, rising from 303 to 173 overall. Pinault-Printemps was a new entrant to the European 500 last year following the merger in December 1992 of Pinault and Au Printemps. The group is continuing to expand, taking over the Fnac music and books chain – one of France's biggest names in retailing – last autumn.

Biggest fallers among European 500 retailers are Germany's AVA, and the UK's Kwik Save, Burton and Storehouse.

As they enter the second half of the decade, Europe's retailers are hoping it may be a little easier than the first.

نقلا عن الأصل

Controversy haunts top press giant

EUROPEAN 500

376-500

هكذا منه الأصل

Investors remain conservative

UNITED KINGDOM

Twice as many losers as winners

Jane Fuller explains why so many British companies have slid down the rankings in spite of earnings and dividend growth

If Kenneth Clarke, the Chancellor of the Exchequer, were to study the FT500, he would shake his head in disbelief at the number of UK companies that have slid down the rankings.

After all, 1994 was the year when the earnings per share of UK quoted companies rose by about 20 per cent and dividends by around 9 per cent. And enthusiasm for the stock market as a means of raising money was amply illustrated by the record number of new issues: 223 of them raising £10.4bn.

But the FT500 shows twice as many UK losers – 113 of them – as winners, and exits far exceed the paltry number of five entries. Even though the UK is by far the best represented country, it had fewer big risers than Germany, Switzerland, France, the Netherlands and Finland – all of them further behind with their economic recoveries and, therefore, offering better company recovery prospects.

If you take the snapshot dates of the FT500, the UK stock market has made no progress. On September 30, 1994, the FT-SE 100 index was little changed at 3026.3, compared with 3030.10 the previous year. The FT-SE-A All-Share was also pretty flat at 1510.97, against 1503.92. Markets in several other European countries performed better, providing one explanation for the preponderance of UK losers.

It is worth remembering, however, that the UK market leapt and fell between the snapshot dates. The FT-SE 100, for instance, peaked at a record 3520.3 on February 2. But over-excitement at the idea of a strong UK recovery *without inflation* was soon punctured by February's US-led turn in the interest rate cycle.

Leaving aside the factors affecting all UK companies, some companies have been partly dragged up or down by their sectors.

One of the best performing sectors of the year was electricity, where the pluses included profits buoyed by efficiency gains; handsome dividend payouts; a relaxed regulatory regime; and, latterly, bid speculation. The speculation turned into reality in December when Trafalgar House launched a £1.2bn hostile bid for Northern Electric.

Thirteen electricity companies have climbed in the rankings. PowerGen joined its fellow generator National Power in the top 100 (the government is about to sell its remaining stakes in both); while Seeboard, the distributor serving the south-east of England, was one of the highest UK risers – up 54 at 376.

At the other end of the spectrum, the insurance sectors languished. Sales of life and pensions policies suffered against a background of controversy over poor advice. In motor insurance – and increasingly household – competition intensified, partly because of the growth of direct telephone-based selling. The slide in the rankings of companies such as General Accident (down 50), Lloyds Abbey Life (down 58), Guardian Royal Exchange (down 67) and Britannic Assurance (down 105) reflect these negative factors.

One of the features of the year was the rise in oil, metal and other commodity prices as economic recovery stoked demand. Several of the best performers benefited from this.

British Petroleum, plunged into crisis by a boardroom coup 2¼ years ago, continued its rehabilitation, rising from ninth to fifth place – with a market value of $34.3bn. After sweeping cost-cutting and debt reduction measures, BP's profits (on a replacement cost basis) recovered to £1.06bn for the nine months to September 30. Its shares had already been boosted by the first dividend increase since 1992.

After the FT500 date, on December 19, BP overtook British Telecom to become the biggest company by market capitalisation on the London Stock Exchange. BT, which slipped from second to third in the FT500, had been undermined by concern about competition from cable television and its unambitious dividend policy.

RTZ, a representative of the best performing FT-SE sector, extractive industries, shot up from 46 to 27 – a market value of $14.7bn. It was buoyed particularly by rises in copper and aluminium prices, but gained credit on its own account for being a low-cost producer.

Also cashing in on rising demand for materials was British Steel (up 28 at 119), which enjoyed a sixfold increase in interim earnings per share as steel prices rose worldwide.

How well manufacturers coped with the rises in raw materials prices depended on the destination of their goods. A striking feature of the UK's economic recovery was that industrial profits rose sharply, while those of companies serving the consumer fared far less well. This helps to explain the rises of engineering groups, such as GKN (up 93 at 199) and Lucas Industries (up 51 at 285).

The fall-out of depressed consumerism landed on many companies, from Burton Group (down 106 at 450) and Storehouse (down 80 at 469) with their high street chains to suppliers such as Northern Foods (down 97 at 355) and textiles group Coats Viyella (down 75 at 302).

Among the still expanding supermarket networks, the price pressures that had already hit shares in 1993 developed into price wars – hence the declines of J Sainsbury (down 14) and Argyll (down 21). Their price reductions put a further squeeze on discounters such as KwikSave.

But the real wooden spoons go to groups which, while not helped by trading conditions, managed to give the stock market nasty surprises.

Fisons, the biggest UK tumbler with a slide from 311 to 459, is a premier example. Since 1991, the drugs and scientific equipment company has seen the departure of two chief executives and issued three profits warnings. In September it disappointed the market yet again with interim profits down 27 per cent and a big cut in its dividend.

The second biggest tumbler, Christian Salvesen (down 140 at 482), was also a profit warner. Aggrekko, its specialist plant hire arm, was the main point of trouble, upsetting some progress on the distribution side.

Although S.G. Warburg, the investment bank, did not issue its profits warning until October 3 – just after the FT500 date – the City already suspected it had been a victim of the falls in bond and equity markets, hence its decline from 220 to 292 in the rankings. On the day of the warning, its price plunged a further 101p to 569p. Later in the year merger talks, albeit abortive, with Morgan Stanley, of the US, helped to spark a recovery.

Indeed it was bid speculation that helped the London market enter 1995 on a slightly stronger note than at the FT500 date.

BANKS

Some light falls on a gloomy picture

John Gapper says worries over the impact of rising interest rates have affected the sector

The year 1993 was an exceptionally good one for European banks, but their mixed fortunes within the FT500 in 1994 reflects the reversal many have suffered since. As financial markets became far more volatile and hard to predict, banks have been denied an easy source of profitability.

Many European banks followed their US counterparts during 1993 in riding the yield curve, taking large bets on falls in bond yields. The strategy enabled banks with strong treasury operations to make profits up to the tightening of US monetary policy in February. Afterwards was a different story.

Apart from the fall in treasury profits, banks have generally been affected by worries over how they will perform amid rising interest rates. Some with good retail franchises may benefit, but those more reliant on trading have already started to feel the pinch.

Yet, even commercial banks with strong retail franchises face concerns because of the relatively meagre impact of recovery in European economies on loan demand. In the UK in particular, a strong economic recovery has not led to a strong pick-up in lending demand, or income.

These factors have had a marked effect on the sector overall. HSBC Holdings, the UK-based international banking group which is the most valuable European bank, held its place at eighth in the rankings despite a sharp fall in its share price on concern about its exposure to trading.

Other large banks have suffered falls in their ranking because of the turn in sentiment towards banks. Deutsche Bank, the dominant German bank, has fallen from 12th to 14th, while National Westminster Bank, the second biggest British bank, has fallen from 30th to 42nd.

France suffered some of the worst falls in bank values, with Societe Generale dropping from 64th to 79th, Compagnie Financiere de Suez dropping from 62nd to 92nd and Paribas falling from 73rd to 97th as the French banking market failed to mount a sharp recovery.

However, although the overall picture for banks is gloomy, individual banks have bucked the trend. Most notably, Union Bank of Switzerland managed to shake off controversy over its ownership and exposure to international trading and to rise from 15th to 11th.

The list of the 10 most valuable banks reflects a growing tussle to join the elite group of banks with strong European and global franchises. Such banks are rising in value in comparison with banks with mainly domestic retail franchises such as Lloyds Bank and Banco Popular Espanol.

Lloyds Bank fell from 44th to 55th, while Banco Popular dropped from 160th to 194th. Other predominantly retail banks such as Argentaria and Abbey National also fell, from 107th to 131st, and 69th to 84th respectively as the markets focused on the squeeze on interest income.

In contrast, the most valuable banks have become those which have taken the plunge into building pan-European and global investment banking businesses to supplement their traditional lending operations. These tend to include the dominant commercial banks in each country.

Among them are HSBC Holdings, Barclays and National Westminster from the UK, Union Bank of Switzerland, CS Holding and Swiss Bank Corporation from Switzerland, Deutsche and Dresdner Bank from Germany and Internationale Nederlanden Group and ABN Amro from the Netherlands.

Such banks will face a struggle in the next year to show that investments in global businesses such as equity broking or private banking for large clients can pay off in terms of income. For the moment, however, markets are giving them credit for having strategies for future growth.

The banks which fell furthest in the rankings were the Banesto Group, down 281 places to 465th place after the controversial restructuring of the Spanish bank, and S.G. Warburg, the UK investment bank, which fell 72 places to 292nd on a fall in earnings due to volatile markets.

In contrast, only one bank made the list of the largest increases in rank. This was Unidanmark, the Danish bank, which rose as a result of doing better than expected in bond markets, and a generally strong earnings recovery from the effects of the Scandinavian banking crisis.

Now entrants to the FT500 include Banque Nationale de Paris, the French bank that was privatised in October 1993, and Bankgesellschaft Berlin, the bank formed by the merger of Berlin Bank, Landesbank Berlin and Berliner Hypotheken und Pfandbriefbank to form a stronger combined force.

Other entrants were Credito Romagnolo, the Bologna-based commercial bank, at 353rd place as a result of a takeover battle which ended with an agreed bid from a consortium led by Cariplo, the savings bank. Komercni Banka, the Czech bank, also entered at 384th place.

What would have been among the worst-performing banks – Credit Lyonnais – escapes the ignominy by being state-owned. This means the French government has had to bear the brunt of capital reconstruction after ill-advised expansion, rather than private shareholders.

Yet Credit Lyonnais remains high among the top 50 banks worldwide ranked by assets rather than market capitalisation. At 9th, it is the largest non-Japanese bank in terms of assets, reinforcing the lesson that largest is often not best-performing in the commercial banking sector.

Apart from the drop suffered by Warburg, investment banks in general performed poorly this year because of their heavy exposure to trading profits and volatility in equity markets. Kleinwort Benson Group left the FT500 as a result, after appearing in 492nd place during 1993.

■ **Leading banks and financial institutions by market capitalisation**

Rank	Company	$m	Rank 1994	Sector
1	HSBC Holdings	28458.6	8	112
2	Union Bank of Switzerland	24462.9	11	112
3	Deutsche Bank	20671.6	14	112
4	Barclays	14528.6	28	112
5	CS Holding	13761.7	36	112
6	National Westminster	12701.1	42	112
7	Internationale Nederlanden Group	11774.3	50	121
8	Dresdner Bank	11160.6	54	112
9	Lloyds Bank	11058.6	55	112
10	Swiss Bank Corporation	10636.3	57	112
11	ABN Amro Holding	10235.0	58	112
12	Banque Nationale de Paris	8582.1	78	112
13	Societe Generale	8489.7	79	112
14	Abbey National	7988.9	84	112
15	Suez (Compagnie Financiere de)	7368.8	92	112
16	Commerzbank	7323.7	93	112
17	Paribas	7088.3	97	112
18	Banco de Santander	6103.3	104	112

CHEMICALS AND PHARMACEUTICALS

European companies take on the world

After several years of unprecedented growth, the mood changed for drugs companies during the year, says Daniel Green

Seven of the top 30 companies in this year's FT500 are pharmaceuticals manufacturers, compared with five last year. It is a performance few would have forecast a year ago when the sector was reeling from the German government's introduction of indirect drug price controls, and fearful of similar moves in Japan and the US.

Not only did the mood change in 1994 as the Clinton administration's healthcare reform plans stalled, but companies themselves took the initiative by indulging in a hectic round of corporate horse trading.

More than $25bn changed hands in a series of deals. Much of the action was in the US, but European companies took a leading role.

One was Switzerland's Roche Holding, for the second year running, the superstar of the FT500 list. It signed the second biggest pharmaceuticals sector deal of the year, the $5.3bn acquisition of Californian rival Syntex, and it rose from third place to second in the FT500 rankings.

Its staggering $9.3bn increase in market capitalisation to $45bn swept it past last year's number two, BT. The increase was flattered by the strength of the Swiss franc against the US dollar, and investor confidence was helped by the company's growth prospects, still among the best in the industry.

Astute management of its cash resources has given Roche the reputation of being a "pharmaceutical bank", and it is still one of the few foreign drug stocks favoured by US investors.

Roche's success contrasts with the UK's Glaxo. World number two by drug sales, this year it slipped from seventh place to ninth in the FT500. Two years ago it was in third place.

The fall looks perverse at first sight. Glaxo's financial performance is good. Sales rose faster than Roche's and its return on capital is the second best of pharmaceutical companies in the top 30 companies and twice Roche's.

The main problem is the uncertain future of Glaxo's – and the world's – biggest selling drug, ulcer treatment Zantac. It accounts for 43 per cent of Glaxo's sales and probably more of profit. But it could lose its US patent protection in the next year or two, depending on the outcome of patent lawsuits wending their way through US courts during 1995.

Low profile Swedish drug company Astra is one that may eventually challenge for top slot. Fast growth for its ulcer drug Losec helped push up total sales by 45 per cent, the best performance in the top 150 or so companies. The company's ranking rose from 32 to 29.

At the other end of the scale is the UK's Fisons which fell 148 places to number 459 as the company's financial results continued to disappoint investors. A new chief executive appointed in the summer is set to restructure the company early this year.

And the UK's Wellcome fell 16 places to 75th. The acquisitions in the sector led to speculative trading in shares in mid-sized companies seen as potential bid targets. Wellcome was one of several companies, mostly US, buffeted by such speculative trading but at the time of the FT500's compilation, the company was out of favour as a bid target.

Germany's largest drugs companies are also its top chemicals companies. All three – Bayer, Hoechst and BASF – advanced strongly up the table thanks as much to their chemicals interests as their drugs businesses.

The chemicals sector will remember 1994 as the year of recovery. Executives basked in the twin pleasures of the first significant rise in product prices of the 1990s and a lower cost base after the restructuring of the recession. To the delight of manufacturers, there was even rationing reported for some petrochemicals.

The energetic Bayer rose from 34th to 26th in a historic year for the company. It bought back the Bayer brand name in the US which it had lost during the first world war. The price tag was $1bn.

That deal was one of several that extended the company's interests in the pharmaceuticals sector. It also bought into the branded non-prescription consumer medicine and into the unbranded prescription generics business.

Similar strategies were adopted by the other German companies, Hoechst and BASF. The latter rounded off the year by putting in an £850m offer for Boots' consumer medicines brands.

Other chemicals companies also rose up the rankings thanks to rising product prices and the benefits of restructuring alone.

The UK's Imperial Chemicals Industries gained six places to 65th, and Solvay of Belgium rose 22 to 175th thanks partly to the dependence of the company's profitability on PVC sales and prices, which rose in 1994.

France's Rhone-Poulenc, however, showed a sharp fall. The decline from 79th to 94th was partly a result of the timing of the compilation of the FT500: in 1993, the market capitalisation was measured just ahead of the company's privatisation. Within weeks, however, management was forced to say that profit expectations for the company were too high.

Sweden's Pharmacia is a model of the creation of a large business from a series of smaller ones, partly state-owned. It was privatised in June 1994 and enters the list at number 142.

Departures from the list include drugs business Institut Merieux, taken over by Rhone Poulenc, and the historic name of Nobel, the Swedish chemicals company which was absorbed into Akzo of the Netherlands.

■ **Companies by market capitalisation**

	Company	$m	Rank 1994	Sector
1	Roche Holding	44989.6	2	622
2	Glaxo Holdings	27964.3	9	433
3	Sandoz	18554.9	18	433
4	Smithkline Beecham	17213.0	22	433
5	Ciba	15784.8	24	622
6	Bayer	15420.3	26	622
7	Astra	14455.8	29	433
8	Hoechst	12576.0	44	622
9	L'Oreal	12005.1	47	432
10	Zeneca	11951.8	48	433
11	BASF	11656.8	51	622
12	Imperial Chemical Industries	9412.0	65	622
13	Wellcome	8829.1	75	433
14	L'Air Liquide	8808.2	76	621

European companies take on the world

FT500

The FT European Top 200 by turnover 1994*

Rank 94	93	Company	Cntry	Sec.	Turnover $m	Year end	Rank 94	93	Company	Cntry	Sec.	Turnover $m	Year end
1	1	Royal Dutch/Shell	Nuk	212	99170.3	31/12/93	101	86	Schneider SA	Fra	171	10641.8	31/12/93
2	2	Daimler-Benz	Ger	401	63100.9	31/12/93	102	108	PTT	Swi	223	10542.1	31/12/93
3	5	British Petroleum	UK	212	54712.0	31/12/93	103	96	Air France	Fra	301	10411.4	31/12/93
4	6	Siemens	Ger	541	52713.5	30/09/93	104	107	Marks and Spencer	UK	491	10239.8	31/03/94
5	3	IRI	Ita	171	51090.1	31/12/93	105	0	Lagardere Group	Fra	171	10189.5	31/12/93
6	4	Volkswagen	Ger	401	49445.4	31/12/93	106	102	Telefonica	Spa	223	10087.4	31/12/93
7	8	Nestle	Swi	451	44583.5	31/12/93	107	117	British Airways	UK	301	9886.9	31/12/93
8	9	Unilever plc/NV	Nuk	451	43617.7	31/12/93	108	0	Kraft Jacobs-Suchard	Swi	451	9694.4	31/12/93
9	7	Veba	Ger	171	42836.4	31/12/93	109	122	Smithkline Beecham	UK	433	9649.3	31/12/93
10	11	Elf Aquitaine	Fra	212	39578.5	31/12/93	110	124	Degussa	Ger	622	9620.5	30/09/93
11	13	Deutsche Telekom	Ger	406	38083.9	31/12/93	111	111	Eridania Beghin-Say	Fra	451	9609.4	31/12/93
12	12	RWE	Ger	221	35993.3	30/06/94	112	105	Aerospatiale	Fra	523	9598.5	31/12/93
13	10	Fiat	Ita	401	34840.9	31/12/93	113	0	Akzo Nobel	Net	622	9507.5	31/12/93
14	17	Electricite de France	Fra	221	34653.9	31/12/93	114	104	Gasunie	Net	222	9404.3	31/12/93
15	15	ENI	Ita	622	34407.9	31/12/93	115	0	KPN	Net	223	9355.6	31/12/93
16	14	Philips	Net	541	33877.5	31/12/93	116	113	Gaz de France	Fra	222	9272.1	31/12/93
17	18	Tengelmann	Ger	491	31422.3	30/06/93	117	110	Ruhrgas	Ger	222	9264.1	31/12/93
18	29	Marc Rich†	Swi	121	30246.6	31/12/93	118	127	Inchcape	UK	171	9199.9	31/12/93
19	16	Renault	Fra	401	30155.9	31/12/93	119	120	Norsk Hydro	Nor	214	9176.1	31/12/93
20	21	Hoechst	Ger	622	29728.8	31/12/93	120	114	General Electric Company	UK	541	9065.4	31/03/94
21	20	Alcatel Alsthom	Fra	533	29509.8	31/12/93	121	118	P & O Steam Navigation	UK	303	8995.0	31/12/93
22	24	Rewe	Ger	491	29065.8	31/12/93	122	112	Henkel	Ger	622	8952.8	31/12/93
23	19	ABB Asea Brown Boveri	Swe/i	541	28315.0	31/12/93	123	129	Glaxo Holdings	UK	433	8854.1	30/06/94
24	27	BAT Industries	UK	171	27988.4	31/12/93	124	123	Argyll Group	UK	493	8778.5	02/04/94
25	26	Generale des Eaux	Fra	221	27882.8	31/12/93	125	125	Post Office	UK	406	8716.3	27/03/94
26	23	Peugeot	Fra	401	27451.7	31/12/93	126	121	Allied Domecq	UK	421	8650.6	05/03/94
27	25	Bayer	Ger	622	26474.9	31/12/93	127	137	CEA Industries	Fra	221	8494.9	31/12/93
28	22	BASF	Ger	622	26191.7	31/12/93	128	128	Coop Schweiz	Swi	493	8377.5	31/12/93
29	28	Total	Fra	212	25573.0	31/12/93	129	165	Ericsson LM	Swe	533	8371.9	31/12/93
30	31	France Telecom	Fra	223	23973.6	31/12/93	130	119	Ford Motor Company UK	UK	401	8339.1	31/12/93
31	33	Carrefour	Fra	493	23256.1	31/12/93	131	133	Tractebel	Bel	221	8265.2	31/12/93
32	36	Leclerc	Fra	493	22519.2	31/12/93	132	116	IBM Deutschland	Ger	531	8129.0	31/12/93
33	35	Aldi Einkauf†	Ger	491	22209.3	31/12/93	133	134	Gallaher	UK	171	7920.9	31/12/93
34	37	Intermarche	Fra	493	22179.4	31/12/93	134	130	KF Group	Swe	493	7828.3	31/12/92
35	30	Thyssen	Ger	633	21629.8	30/09/93	135	138	Dalgety	UK	451	7757.2	30/06/94
36	34	BT	UK	223	21407.3	31/03/94	136	131	Solvay	Bel	622	7668.3	31/12/93
37	32	Bosch,Robert	Ger	551	20962.7	31/12/93	137	136	Asda Group	UK	493	7642.8	30/04/94
38	40	ENEL	Ita	221	19225.2	31/12/93	138	144	L'Oreal	Fra	432	7581.1	31/12/93
39	42	STET	Ita	171	19019.6	31/12/93	139	73	Metro Deutschland	Ger	491	7569.9	31/12/93
40	38	Bayerische Motoren Werke	Ger	401	18733.3	31/12/93	140	132	OeMV	Aus	212	7517.6	31/12/93
41	43	Mannesmann	Ger	566	18053.2	31/12/93	141	151	Holzmann (Philipp)	Ger	613	7491.7	31/12/93
42	44	INI	Spa	171	17959.9	31/12/93	142	167	Cable & Wireless	UK	223	7356.3	31/03/94
43	68	Lyonnaise des Eaux-Dumez	Fra	221	17659.7	31/12/93	143	147	GIB Group	Bel	491	7307.3	31/12/93
44	47	Ciba	Swi	622	17564.0	31/12/93	144	142	Guinness	UK	421	7299.6	31/12/93
45	56	Promodes	Fra	491	17026.2	31/12/93	145	173	Docks de France	Fra	493	7231.8	31/12/93
46	54	Auchan (SA de Marches Usines)	Fra	493	16968.5	31/12/93	146	141	Hillsdown Holdings	UK	451	7193.3	31/12/93
47	49	Petrofina	Bel	212	16966.5	31/12/93	147	135	Esso AG	Ger	212	7181.4	31/12/93
48	60	Repsol	Spa	212	16850.3	31/12/93	148	181	Kingfisher	UK	491	7012.2	29/01/94
49	46	Metallgesellschaft	Ger	634	16846.8	30/09/93	149	0	Finmeccanica	Ita	563	6976.3	31/12/93
50	51	British Aerospace	UK	523	16844.1	31/12/93	150	145	Bass	UK	421	6967.8	30/09/93
51	39	Imperial Chemical Industries	UK	622	16643.7	31/12/93	151	156	Zeneca	UK	433	6950.5	31/12/93
52	57	Sainsbury J	UK	493	16567.3	12/03/94	152	160	Associated British Foods	UK	451	6866.0	18/09/93
53	48	British Gas	UK	222	16258.6	31/12/93	153	139	Thorn Emi	UK	461	6719.0	31/03/94
54	82	Haniel	Ger	171	15764.1	31/12/93	154	166	Stora	Swe	651	6707.0	31/12/93
55	75	Ahold	Net	493	15602.9	31/12/93	155	152	Ladbroke Group	UK	461	6682.4	31/12/93
56	67	Otto Versand	Ger	495	15365.7	31/12/93	156	195	Havas	Fra	475	6598.5	31/12/93
57	55	Viag	Ger	622	15322.9	31/12/93	157	169	Dow Europe†	Swi	622	6592.2	31/12/93
58	45	Deutsche Post	Ger	406	15299.0	31/12/93	158	0	Gehe	Ger	433	6569.7	31/12/93
59	64	BTR	UK	591	15297.4	31/12/93	159	146	British Steel	UK	633	6560.7	02/04/94
60	65	Hanson	UK	171	15278.6	30/09/93	160	176	Holderbank Management	Swi	611	6536.4	31/12/93
61	58	Rhone-Poulenc	Fra	622	15207.4	31/12/93	161	158	Boots Company	UK	492	6523.3	31/03/94
62	52	Ruhrkohle	Ger	631	15112.6	31/12/93	162	153	Pechiney International	Fra	672	6503.0	31/12/93
63	53	Preussag	Ger	634	15036.2	30/09/93	163	159	Thomson-CSF	Fra	551	6472.8	31/12/93
64	0	Telecom Italia	Ita	223	14946.6	31/12/93	164	154	Saint-Louis Group	Fra	451	6449.0	31/12/93
65	41	Opel,Adam	Ger	401	14853.7	31/12/93	165	149	KNP BT	Net	652	6437.5	31/12/93
66	94	Volvo	Swe	401	14781.8	31/12/93	166	170	IBM United Kingdom	UK	531	6351.0	31/12/93
67	0	Ferruzzi Finanziaria	Ita	171	14563.2	31/12/93	167	155	PMU	Fra	461	6332.9	30/08/93
68	50	Usinor Sacilor	Fra	633	14215.4	31/12/93	168	172	Electrabel	Bel	221	6303.2	31/12/93
69	62	SNCF	Fra	304	13966.1	31/12/93	169	175	Philip Morris Gmbh	Ger	425	6207.8	31/12/93
70	71	Edeka Zentrale	Ger	491	13926.0	31/12/93	170	161	Iberdrola	Spa	221	6182.3	31/12/93
71	63	Ford Werke	Ger	401	13679.9	31/12/93	171	163	Trafalgar House	UK	171	6072.5	30/09/93
72	66	Saint-Gobain	Fra	611	13503.8	31/12/93	172	162	Continental	Ger	574	6048.9	31/12/93
73	79	Tesco	UK	493	13462.6	26/02/94	173	180	Arbed	Lux	661	6022.6	31/12/93
74	97	Electrolux	Swe	402	13314.5	31/12/93	174	184	Texaco	UK	212	5999.5	31/12/93
75	59	Krupp, Fried. AG H-K	Ger	633	13237.8	31/12/93	175	187	Pirelli Spa	Ita	574	5905.4	31/12/93
76	70	Danone	Fra	451	13233.7	31/12/93	176	157	Toepfer (Alfred C.) Int	Ger	122	5875.1	31/12/93
77	88	Montedison	Ita	622	13037.6	31/12/93	177	148	IBM France	Fra	531	5832.7	31/12/93
78	69	Thomson	Fra	551	12742.3	31/12/93	178	191	Cadbury Schweppes	UK	451	5830.9	01/01/94
79	90	SHV	Net	171	12728.3	31/12/93	179	0	AGIV	Ger	171	5814.1	31/12/93
80	99	Neste	Fin	214	12725.7	31/12/93	180	193	Tate & Lyle	UK	451	5789.1	25/09/93
81	74	Grand Metropolitan	UK	421	12711.3	30/09/93	181	168	Esso UK	UK	212	5752.3	13/12/93
82	78	Richemont (Compagnie Financiere)	Swi	171	12452.9	31/03/94	182	182	Lafarge Coppee	Fra	611	5744.0	31/12/93
83	89	Kaufhof	Ger	491	12340.2	31/12/93	183	186	L'Air Liquide	Fra	621	5733.7	31/12/93
84	81	Karstadt	Ger	491	12082.0	31/12/93	184	183	Endesa	Spa	221	5726.7	31/12/93
85	0	Pinault-Printemps-Redoute	Fra	491	11948.6	31/12/93	185	174	Societe Generale de Belgique	Bel	171	5721.2	31/12/93
86	77	Michelin	Fra	574	11948.2	31/12/93	186	143	National Power	UK	221	5699.7	27/03/94
87	98	Statoil	Nor	213	11929.3	31/12/93	187	171	Vendex International	Net	491	5658.3	31/01/94
88	80	Pechiney	Fra	671	11896.7	31/12/93	188	190	BICC	UK	541	5657.5	31/12/93
89	87	Casino	Fra	493	11893.8	31/12/93	189	189	Booker	UK	591	5586.6	31/12/93
90	93	Bertelsmann	Ger	472	11888.4	30/06/94	190	178	Rolls-Royce	UK	521	5507.2	31/12/93
91	76	Man	Ger	566	11714.4	30/06/94	191	192	Olivetti	Ita	534	5500.2	31/12/93
92	95	Sandoz	Swi	433	11710.9	31/12/93	192	0	United Biscuits (Holdings)	UK	451	5393.4	01/01/94
93	92	Migros	Swi	493	11671.7	31/12/93	193	179	ICA	Swe	493	5361.1	31/12/93
94	109	Asko Deutsche Kaufhaus	Ger	491	11615.4	30/09/93	194	185	Bull (Groupe)	Fra	541	5332.4	31/12/93
95	84	Bouygues	Fra	613	11549.0	31/12/93	195	188	Accor	Fra	464	5315.9	31/12/93
96	101	Delhaize	Bel	492	11479.4	31/12/93	196	0	C.G.I.P.	Fra	171	5280.9	31/12/93
97	91	Deutsche Lufthansa	Ger	301	11447.3	31/12/93	197	198	Heineken	Net	421	5211.2	31/12/93
98	85	Schickedanz-Unternehmensgruppe	Ger	491	11298.3	31/01/94	198	0	Bon Marche	Fra	495	5209.6	31/12/93
99	106	Roche Holding	Swi	622	11102.1	31/12/93	199	0	SAS	Sw/N/D	303	5202.6	31/12/93
100	83	Deutsche Bundesbahn	Ger	304	10911.0	31/12/93	200	177	C & A Mode†	Ger	495	5190.8	31/12/93

* In addition to companies which are publicly owned and which appear in the top 500, this list also includes private- and state-owned companies. The turnover rank for companies in the top 500 table will therefore differ. † Estimate

Twice as many losers as winners

Jane Fuller

FT500

GERMANY

Investors remain conservative

Christopher Parkes expects the banks to regain lost ground this year

On the assumption that they are spared the pain of scandal and the beating they took on their own-account trading in 1994, Germany's banks are expected this year at least to regain the ground they lost in the current FT500 rankings. On the assumption that the backwash of recession will fade even further and heavy risk provisioning for bad corporate debts – most notably at Deutsche Bank – will be reduced, they may do even better.

At the local level, such improvements would probably result in a reversal of 1994's downturn in Frankfurt's DAX index of 30 leading stocks.

Unexpected, unnatural disasters such as the virtual collapse of the Metallgesellschaft metals, chemicals and mining group which started the rot in the financial sector a year ago, cannot easily be accounted for in advance. Nor can disappearing acts such as that of property developer Jürgen Schneider, who fled the country early last year leaving a mountain debts secured against property worth only a fraction of his valuation.

Given his lengthening absence, it may be assumed that Mr Schneider will stay under cover while improving economic conditions reduce the likelihood of more spectacular property busts. Depending partly on the results of this year's planned equity capital reduction, Metallgesellschaft, which crashed 162 places in the league to 442nd last year, appears to risk slipping out of the rankings in 1995. Although chairman Kajo Neukirchen claims recovery is under way, the old company was obliged to jettison assets and earning power during last year's forced sell-off. Among the dross went Buderus, the heating technology group, and the group's handsome Frankfurt headquarters for a measly price of DM500m-plus.

Cash-rich Siemens, Europe's largest electrical and electronics group, popularly known as a bank with a handful of industrial subsidiaries, slipped a couple of places in a year when earnings from its financial activities fell DM500m. However, it is already on the way back, following an untypically bullish forecast from Heinrich von Pierer, its chairman, of a 20 per cent rise in profits for the year to the end of September 1995, without any improvement in financial income.

Although it is the last of Germany's leading industrial groups to claim or forecast recovery (the cycles in its mainstream activities of power station building and installing public telecoms networks are slow to turn) its renewed growth stems from causes common to other sectors.

The marked recovery in exports to industrialised countries emerging from the slump ahead of Germany has been the most significant factor behind the unexpectedly rapid pace of recovery. Improved productivity, helped by job cuts, and factory closures has sharpened the competitiveness of German products and services.

As the restructuring process – or at least the expensive job-cutting phase – comes to a close, profits are no longer being drained by provisions for notoriously generous redundancy pay-offs, known in Germany as "social plans".

But earnings are being held back by the relatively inflation-free nature of the current phase of international economic growth. Although some plastics prices have been raised during the recent surge in demand for industrial materials and semi-finished products, Germany's top chemicals concerns have all complained of continuing downward pressure on prices, with data showing turnover rising at half or less of the rate of increase in volume deliveries. Despite his optimism, Siemens's Mr von Pierer said the price-cutting in the group's computers and railways divisions had now spread to traditionally high-earning operations in public telecommunications and power plant.

The combination of international constraints on public sector budgets, relatively low growth in consumer spending power at home and abroad, plus the strength of the D-Mark, is making life difficult for Germany's manufacturers and infrastructural suppliers accustomed to earning quality premiums for traditional products.

On the other hand, as movements in the FT500 tables confirm, German investors remain resolutely conservative. Their blood can be stirred, with a little instigation from foreign buyers, by constructive aggression and innovative products.

BMW's springtime take-over of Britain's Rover group has been acknowledged as one of traditional German industry's most significant strategic coups for years. As a result of the synergies expected from the deal – already evident in a sharp rise in German sales of Rover cars – the Munich group stands ahead of Volkswagen in the rankings for the first time.

Real new profit sources were discovered in the booming private telecommunications activities of Mannesmann, an old-style industrial group suddenly transformed by its leadership of the D-2 mobile phone consortium. Potential was spotted in dull old utility-conglomerates such as Veba and Viag as they woke up to the opportunities offered by their own powerline and cable networks in conjunction with the impending liberalisation of the European telecoms market and privatisation of Deutsche Telekom.

But the year's star was software specialist SAP. In a field where Germany is under-represented, it is pre-eminent in its speciality sector of integrated business software. Its R/3 client/server package is world leader in a market segment forecast to yield sales of DM8.5bn this year. According to Goldman Sachs, half the companies in the Fortune 500 use SAP systems. But the most telling acknowledgement (apart from its 273-place leap up the FT500) was the closing in mid-November of an international licensing deal with IBM, the biggest in SAP's 22-year history.

■ Companies by market capitalisation

Rank	Company	$m	Rank 1994	Sector
1	Allianz Holding	33956.5	6	151
2	Daimler-Benz	24465.1	10	401
3	Siemens	22488.2	12	541
4	Deutsche Bank	20671.0	14	112
5	Veba	16162.9	23	171
6	Bayer	15420.3	26	622
7	Muenchener Ruckversicherungs	14015.6	32	151
8	Hoechst	12570.0	44	622
9	BASF	11656.8	51	622
10	Dresdner Bank	11160.6	54	112
11	RWE	9844.6	62	221
12	Mannesmann	9176.7	68	566
13	Bayerische Motoren Werke	8981.5	72	401
14	Viag	7962.5	85	622
15	Volkswagen	7425.9	90	401
16	Commerzbank	7323.7	93	112
17	Bankgesellschaft Berlin	5771.1	110	112
18	Thyssen	5698.6	114	633
19	Bayerische Hypo & Wechsel Bk	5684.7	115	112
20	Bayerische Vereinsbank	5510.1	117	112
21	Allianz Lebensversicherungs	5190.8	125	151
22	Hochtief	4401.8	147	613
23	Preussag	4353.4	149	634
24	Schering	4202.7	153	622
25	Deutsche Lufthansa	4069.5	156	301
26	Linde	3900.0	168	566
27	AMB	3547.8	187	151
28	SAP	3449.9	192	551
29	Karstadt	3253.9	203	491
30	Isar Amperwerke	2937.3	229	221
31	VEW	2934.9	230	221
32	Badenwerk	2909.8	233	221
33	Heidelberger Zement	2872.0	235	611
34	Man	2805.2	242	566
35	Beiersdorf	2752.3	248	432
36	Krupp, Fried. AG H-K	2638.8	258	633
37	Degussa	2636.3	259	622
38	Rheinelektra	2503.7	266	541
39	Victoria Holding	2386.2	278	151
40	Kaufhof	2373.8	281	491
41	Asko Deutsche Kaufhaus	2200.1	300	491
42	Berliner Kraft und Licht	2084.0	311	221
43	BHF Bank	2027.3	318	112
44	Bilfinger & Berger	1987.2	322	613
45	Gehe	1946.6	329	433
46	Holzmann (Philipp)	1886.5	337	613
47	Thuega	1872.3	339	221
48	Suedzucker	1780.3	350	451
49	Deutsche SB-Kauf	1776.5	351	493
50	Hapag Lloyd	1690.9	367	303
51	Altana	1601.4	380	433
52	IKB Deutsche Industriebank	1551.0	390	112
53	Deutsche Pfandbrief- und HypoBanK	1452.6	413	112
54	Continental	1443.3	415	574
55	Wuerttembergische AG Versich	1402.3	420	151
56	Baden-Wuerttembergische Bank	1391.2	433	112

■ Top 50 banks worldwide by total assets

Rank	Company	Cntry	Total assets $m	% chge	Deposits $m	Rank	% chge	Shareholders' funds $m	Rank	% chge	Net profit $m	Rank	% chge	Return on shareholders' funds	Rank	Year end
1	Fuji Bank	Jap	507218.6	11.5	448081.4	2	10.7	19519.1	4	13.5	352.9	28	-32.5	1.8	42	31/03/94
2	Dai-Ichi Kangyo Bank	Jap	506563.3	10.9	451928.3	1	10.9	19813.9	2	11.6	187.1	40	-59.8	0.9	48	31/03/94
3	Sumitomo Bank	Jap	497780.9	10.8	447901.1	3	12.2	22119.2	1	13.2	375.2	27	88.9	1.7	44	31/03/94
4	Sakura Bank	Jap	495974.8	13.2	444303.4	4	12.2	18581.7	5	19.0	287.9	34	-48.3	1.6	46	31/03/94
5	Sanwa Bank	Jap	493588.0	10.6	443247.7	5	10.3	19557.0	3	14.0	444.0	25	-45.8	2.3	39	31/03/94
6	Mitsubishi Bank	Jap	458906.4	8.1	411703.3	6	8.9	17851.0	6	14.6	462.4	23	-14.4	2.6	35	31/03/94
7	Norinchukin Bank	Jap	429258.4	16.4	326573.0	7	19.0	3138.1	48	21.7	459.5	24	24.3	15.2	7	31/03/94
8	Industrial Bank ofJapan	Jap	386916.1	15.0	114671.8	32	13.3	13505.7	13	12.8	217.2	37	-39.0	1.6	45	31/03/94
9	Credit Lyonnais	Fra	338848.3	-1.9	280888.1	8	-1.3	9590.5	27	-14.4	-1083.2	50	0.0	-10.8	50	31/12/93
10	Ind and Commercial Bank of China	Chi	337768.6	35.5	248083.1	10	25.3	15167.4	10	23.8	1416.9	10	-49.5	10.4	15	31/12/93
11	Deutsche Bank	Ger	317240.9	4.1	234115.2	13	4.4	11722.8	15	1.6	1299.3	11	14.6	11.5	11	31/12/93
12	Tokai Bank	Jap	311461.3	15.1	259383.4	9	9.8	10827.0	18	15.6	320.6	32	51.1	3.1	33	31/03/94
13	HSBC Holdings	UK	305205.0	8.9	241126.0	11	9.2	16145.3	8	13.8	3064.6	1	41.5	20.4	2	31/12/93
14	Long-Term Credit Bank of Japan	Jap	302185.2	11.2	86709.6	40	8.4	10851.2	17	15.0	350.0	29	73.2	3.3	31	31/03/94
15	Credit Agricole	Fra	282806.8	-3.2	224036.1	14	-3.1	15599.9	9	-0.1	1022.0	13	-2.8	6.8	24	31/12/93
16	Bank of China	Chi	262879.8	18.3	202423.7	17	11.6	12903.7	14	9.2	2124.9	3	-1.7	17.3	6	31/12/93
17	Asahi Bank	Jap	261903.2	12.3	238475.0	12	12.7	10312.2	21	13.3	198.7	38	-36.0	1.9	41	31/03/94
18	Societe Generale	Fra	259793.7	3.4	202864.7	16	2.3	8205.4	33	5.6	660.8	17	2.4	8.6	18	31/12/93
19	ABN-Amro Holding	Net	252986.2	2.4	213283.0	15	2.7	10400.3	20	10.7	1084.5	12	14.6	11.3	13	31/12/93
20	Banque Nationale de Paris	Fra	250442.5	-9.0	200363.5	18	-11.6	10134.7	22	8.8	164.9	43	-58.0	1.6	43	31/12/93
21	Bank of Tokyo	Jap	242445.0	9.7	169404.8	22	9.1	10578.8	19	17.7	529.3	20	40.6	5.1	28	31/03/94
22	Barclays	UK	241610.4	1.1	187089.4	19	3.0	8871.0	29	-1.7	565.8	19	0.0	6.4	25	31/12/93
23	Mitsubishi Trust & Banking Corp	Jap	231933.1	10.9	84018.4	41	6.8	8511.9	31	14.0	220.1	36	-7.6	2.6	36	31/03/94
24	Paribas	Fra	229937.9	12.4	185185.5	21	19.5	9913.5	24	0.1	471.5	22	17.3	4.9	29	31/12/93
25	National Westminster Bank	UK	225604.3	-2.9	185384.8	20	-4.8	8730.3	30	1.5	952.4	15	201.0	11.0	14	31/12/93
26	Citicorp	USA	216574.0	1.3	145089.0	25	0.6	13953.0	12	24.8	2219.0	2	207.3	17.7	4	31/12/93
27	Dresdner Bank	Ger	214984.7	7.6	144037.2	26	7.1	7077.3	35	12.0	617.2	18	3.2	9.5	17	31/12/93
28	Mitsui Trust & Banking	Jap	214267.6	14.5	72301.5	44	12.8	6669.9	37	12.6	90.2	48	0.0	1.4	47	31/03/94
29	Sumitomo Trust & Banking Co	Jap	208395.5	8.3	66404.3	46	-6.0	8343.2	32	14.1	194.9	39	-8.6	2.4	38	31/03/94
30	Union Bank of Switzerland	Swi	207867.5	15.0	160158.2	23	17.3	14075.7	11	9.2	1538.4	8	64.7	11.6	12	31/12/93
31	BankAmerica Corp	USA	186933.0	3.5	141618.0	28	2.7	17144.0	7	10.7	1954.0	5	31.0	12.0	10	31/12/93
32	Westdeutsche Landesbank	Ger	185091.1	12.6	108028.8	35	31.0	6854.5	36	-1.3	278.9	35	92.7	4.2	30	31/12/93
33	The People's Construction Bank	Chi	183737.2	29.5	109573.3	34	43.8	5896.9	40	-7.6	440.9	26	-37.0	7.2	23	31/12/93
34	The Agricultural Bank of China	Chi	182160.0	20.7	142889.3	27	23.2	5423.4	42	-8.4	472.2	21	40.8	8.4	20	31/12/93
35	Daiwa Bank	Jap	181878.8	19.4	145330.1	24	19.5	6377.1	38	20.1	121.2	46	-23.8	2.0	40	31/03/94
36	Nippon Credit Bank	Jap	164860.9	11.7	42925.8	48	15.1	5535.6	41	13.6	171.6	41	5.0	3.1	32	31/03/94
37	Bayerische Vereinsbank	Ger	164151.3	7.2	72582.2	43	-19.7	4232.9	46	5.2	338.5	31	21.9	8.5	19	31/12/93
38	Commerzbank	Ger	161702.1	14.1	123723.9	29	30.9	4592.2	44	6.9	339.7	30	-20.2	7.9	22	31/12/93
39	Shokochukin Bank	Jap	159023.8	15.4	26302.6	50	12.7	4460.5	45	20.2	106.6	47	-35.4	2.5	37	31/03/94
40	Nationsbank Corp	USA	157686.0	33.6	91113.0	39	10.1	9979.0	23	27.7	1501.0	9	31.1	17.4	5	31/12/93
41	Credit Suisse	Swi	156123.0	32.4	119787.8	30	34.3	9145.0	28	24.7	986.8	14	50.7	12.1	9	31/12/93
42	Hypo-Bank	Ger	150784.2	12.4	72091.6	45	12.1	4197.0	47	16.0	307.5	33	32.9	8.1	21	31/12/93
43	Chemical Banking Corp	USA	149888.0	7.3	98277.0	37	4.4	11164.0	16	13.3	1601.0	6	47.7	15.2	8	31/12/93
44	Yasuda Trust & Banking	Jap	149809.0	10.1	45178.9	47	3.4	5320.4	43	12.0	37.8	49	-48.8	0.7	49	31/03/94
45	San Paolo di Torino	Ita	140704.8	-9.1	101271.5	36	-4.7	6348.4	39	-6.1	163.6	44	-20.2	2.7	34	31/12/93
46	Hongkong & Shanghai Banking	HK	140621.0	12.0	113485.0	33	11.4	7827.4	34	8.4	2096.8	4	14.7	27.8	1	31/12/93
47	Swiss Bank Corporation	Swi	139352.0	1.6	98220.3	38	2.9	9813.5	26	5.9	948.3	16	30.5	10.0	16	31/12/93
48	Bayerische Landesbank	Ger	137145.0	13.5	63801.7	42	35.4	3039.2	49	17.2	170.6	42	-37.1	0.3	26	31/12/93
49	The Zenshinren Bank	Jap	136249.2	13.6	115863.7	31	11.7	2414.0	50	13.1	135.7	45	0.8	5.6	27	31/03/94
50	J.P. Morgan & Company	USA	133888.0	30.1	40402.0	49	24.2	9859.0	25	39.5	1586.0	7	14.8	19.8	3	31/12/93

Source: IBCA

هكذا في الأصل

FRANCE

Mixed fortunes for giants

The rebound from recession led to a surprisingly turbulent year for the country's leading companies, writes John Ridding

For France's leading companies, 1994 proved a surprisingly turbulent year. The benefits of faster than expected economic growth and previous restructuring measures provided a valuable boost for much of the manufacturing sector. "There were many cases which provided surprises on the upside," says David Harrington, analyst at James Capel in Paris.

For several companies, however, the gains were offset by blows to their profit and loss accounts. Depressed international bond markets and a spate of corruption scandals also cast a cloud over the Paris bourse. As for the financial sector, last year could not have ended quickly enough.

The mixed fortunes of France's industrial giants are clear at the top of the list. Although Elf Aquitaine maintained pole position in France and its number 17 ranking in Europe, the picture below the oil group is one of upheaval.

Alcatel Alsthom, the transport, telecoms and engineering group, saw its market capitalisation plunge as it fell from 18 to 38 in the FT500. Shares in the company lost 50 per cent of their worth between the start of the year and December. The cause lay in a succession of profits warnings, losses at its German operations and corruption probes which saw Pierre Suard, the chairman, together with the head of one of the company's main subsidiaries, placed under investigation.

The aggressive stance by French magistrates towards business groups had other victims. In the utilities sector, Générale des Eaux and Lyonnaise des Eaux saw their shares under periodic assault as a result of corruption allegations.

Nor was Alcatel alone in finding banana skins. Thomson-CSF, the electronics group was, for example, blighted by its shareholding in Crédit Lyonnais, the state-owned bank which suffered a loss of FFr4.5bn in the first half of the year.

Such specific considerations masked more general trends. France's rebound from recession in 1992 and 1993 and strong demand in export markets prompted a surge in share prices and in prospects for many manufacturing companies, particularly in the luxury goods sector. LVMH jumped from sixth in France to second position and from 51 in Europe to 31.

"They had a strong year," says one analyst at a French merchant bank. "Demand recovered in their principal export markets and in France, and they reaped the benefits." Investor sentiment towards LVMH has improved since its relationship with Guinness of the UK was restructured in a deal which has sharply reduced the debt burden of the French group.

Improved domestic and export demand also prompted revival in the motor vehicle sector. Peugeot, Michelin and Valeo, the components manufacturer, all enjoyed a good year, returning to profit or increasing earnings. Michelin swung back into the black in the first half of the year after losses of FFr3.19m in the same period in 1993. Partly as a result, it rose 14 places in the FT500 rankings to 148.

The upturn in the sector was partly a result of government incentives to encourage new car purchases. But it also contained positive elements which benefited much of French industry. "What we have seen in many companies is the impact of previous cost-cutting and restructuring measures," says Mr Harrington. "Wage pressures also remained weak, while productivity continued to improve."

Whether such considerations last through 1995 is an open question. Economic recovery has already prompted demands for higher wages at several companies, while costs may also face pressure from increased raw material prices. But French industry appears prepared to maintain productivity efforts. Both Peugeot and Renault have announced more cost-cutting programmes and job losses for this year.

■ **Companies by market capitalisation**

Rank	Company	$m	Rank 1994	Sector
1	Elf Aquitaine	18907.5	17	212
2	LVMH	14294.3	31	422
3	Alcatel Alsthom	13517.8	38	533
4	Total	13158.2	40	212
5	L'Oreal	12005.1	47	432
6	Carrefour	10158.5	59	493
7	Generale des Eaux	9925.9	61	221
8	Saint-Gobain	9668.9	63	611
9	Danone	9510.6	64	451
10	L'Air Liquide	8808.2	76	621
11	Banque Nationale de Paris	8582.1	78	112
12	Societe Generale	8489.7	79	112

There is uncertainty, however, about the appetite of the French consumer. Some retailing groups registered strong progress last year. Pinault-Printemps-Redoute, for example, was one of the biggest climbers in the FT500 list, but its rise was more to do with restructuring than a revival in consumer spending.

"Towards the end of 1993 investors realised that the company had pushed through a programme of divesting assets and reducing debt and that a re-rating was justified," says Toby Radford, retail analyst at Lehman Brothers. Like other analysts, however, he claims that consumer demand at the retail level remains fragile.

The reason is to be found in broader economic considerations. Despite recovery in growth, unemployment remains persistently high, standing at about 12.6 per cent of the workforce. This has curbed consumer confidence and has shown signs of depressing spending since the autumn.

For many companies, particularly in the retail and leisure sector, this is cause for concern. It is, for example, one of the problems which has confronted Euro Disney, the theme park to the east of Paris. The company was one of the biggest fallers in the FT500, plunging 183 places to 490 on the list.

Confronted with a big debt burden, a strong franc and poor attendances, the company was forced to implement a dilutive rescue package. Euro Disney claims that the benefits of restructuring are beginning to feed through, and first half results in 1994 were at the top end of expectations. It also announced late last year that it would cut admission prices by about 20 per cent from April, a move which prompted a rally in the share price.

A desire for improved fortunes in 1995 is a common sentiment across the French financial sector. Whereas there were three financial companies in the top 10 French groups in 1993, there were none in last year's rankings.

Union des Assurances de Paris, France's biggest insurer fell from 8 to 13 and from 68 to 89 in Europe. GAN, its troubled counterpart, plunged 154 places to 295. Worms et Cie, Suez and Paribas were among other financial groups to suffer a decline, if less marked than the insurers.

The irony is that companies from the financial sector, such as UAP and Assurances Generales de France, were among the big gainers in the 1993 FT500. They will be hoping that this year the tables turn again.

ENGINEERING

Better outlook boosts share prices

Recovery in main markets has enabled most of the sector's representatives to lift their ranking, says Andrew Baxter

After the dismal performance of many European engineering companies in the poor business conditions of 1993, things could only get better last year – and fortunately they did.

The end of the recession in the UK, and a quicker recovery in Germany than many had expected, had a knock-on effect elsewhere, and across most sectors of steel and engineering.

Rising demand and increased confidence among customers meant that 22 out of 38 steel, mechanical and electrical engineering companies in the FT500 rose through the rankings. There were just 12 declines, and four new entrants.

As a recent research document from Merrill Lynch made clear, the European capital spending cycle is alive and well. Business confidence in manufacturing has been restored, it says, due largely to the improving outlook for the global economy.

"Production expectations are up, order books are expanding, inventory positions are seen as less excessive, and capacity utilisation rates are increasing. Even selling price expectations are rising," it says.

The brokerage house estimates that, adjusted for inflation, investment spending in the European Union rose by 2 per cent last year, following a 12 per cent decline in 1993. This year, however, it predicts capital spending growth in the EU could rise 7 per cent in real terms – the best growth rate since the 1980s.

The transformation in the short- and mid-term outlook for steel and engineering companies is an indication that, as night follows day, boom tends to follow bust in these industries.

Not surprisingly, though, after the traumas of the past two years, most senior engineering executives are hoping for a manageable, steady rise in sales and profits, rather than an uncontrolled surge. The latter only makes the subsequent recession feel even worse.

The better outlook has boosted share prices in the sector, increasing market capitalisations and thus enabling companies to step up the FT500 ladder. A case in point is the steel industry, one of the worst hit in the recession.

All the steel companies in the FT500 lifted their position in the rankings. Thyssen, Germany's biggest steelmaker, rose from 146 to 114, having reported a DM90m net profit for 1993-94, compared with a DM994m loss the year before. It said a "satisfactory" dividend would be paid at the end of the present financial year, the first since 1992.

■ **Companies by market capitalisation**

Rank	Company	$m	Rank 1994	Sector
1	Siemens	22486.2	12	541
2	BTR	17361.6	21	591
3	ABB Asea Brown Boveri	13954.3	34	541
4	Alcatel Alsthom	13517.8	38	533
5	General Electric Company	12513.0	45	541
6	Ericsson LM	11524.4	52	533
7	Philips	10133.1	60	541
8	Mannesmann	9176.7	68	566
9	Nokia	4625.0	138	533
10	SMH	4051.9	159	591

Krupp Hoesch, which like Thyssen also has engineering interests, reported much reduced losses for the first half of 1994, and forecast that steel would be the only one of its six divisions to lose money for the year. But the loss would be much less than the DM780m reported for 1993. The group's ranking advanced from 340 to 258.

Tucked just behind Thyssen in the rankings at 119 (147 in 1993) was British Steel. Its results in November saw half-year profits surge from £27m to £159m. The company's share price rose sharply in 1994, to a high of 172½p against 46.5p in the depths of the recession. Analysts forecast a strong surge in profits over the next three years, to as much as £1bn in 1996-97.

It is worth noting, however, that the buoyant outlook ignores the partial withdrawal of the European Commission's restructuring plans for the industry, which has left the key issue of state subsidies partly unresolved and, many observers believe, stored up problems for the next downturn.

Outside the steel industry, there were strong performances in a wide variety of engineering companies, although four of the top five companies – Siemens, BTR, Alcatel Alsthom and the General Electric Company – slipped down the rankings. The exception was Asea Brown Boveri, up from 47 to 34, which is benefiting from improved demand – albeit at varying paces across its many businesses and markets – and cost-cutting.

Among companies notching up big rises in the rankings were two UK groups, GKN and Lucas Industries. GKN (up from 292 to 199) lifted pre-tax profits by 62 per cent to £97m in the first half of 1994. As with ABB, the rise was due to a combination of cost-cutting and an upturn in several businesses. The recovery in the car market is very important to GKN, a big operator in automotive components, but the company is also benefiting from the staunching of the flow of red ink at UES Holdings, the engineering steels and forgings producer which it owns with British Steel.

Operating profits have also been rising at Lucas (up from 336 to 285). Overall sentiment about the company has been transformed since June when George Simpson arrived as chief executive. A radical exercise in financial deck-clearing was announced four months later, and a new strategic direction, based on a narrower spread of core activities, has been well received.

On the continent, the biggest improvement was shown by Electrolux, the world's biggest manufacturer of household appliances. The Swedish-based multinational soared from 253 to 190, helped by impressive first-half results – operating income rose 71 per cent to SKr2.5bn. Again, the performance reflected a combination of cost-cutting, product launches and better demand in the US and Europe.

Among the companies whose position slipped was Lord Weinstock's GEC. The City was disappointed in the summer by flat full-year profit figures. But last month's interim results for 1994-95 were better: operating profits rose 14 per cent, and it was only a decline in interest income that kept pre-tax profits at £378m, up 6 per cent.

BICC, the UK cables and construction group, also lost ground in the rankings, falling from 243 to 330. BICC's shares are trading a long way from their 1994 high of 478p, in spite of a 26 per cent rise to £63m in interim pre-tax profits. The main problem is margins, but the company is working hard at developing growth prospects, especially in Asia.

Newcomers to the FT500 included three steel companies, Hoogovens of the Netherlands at 431, Anglo-Swedish Avesta Sheffield at 452 and Rautaruukki of Finland at 456. Another newcomer was Landis & Gyr, the Swiss electrical engineering concern. Two well-known names in UK engineering, Glynwed and Delta, lost their places on the list.

The FT UK Top 200 companies by turnover*

Rank	Company	Turnover £m	Year Ending	Rank	Company	Turnover £m	Year Ending
1	Shell Transport & Trading	63350.0	31/12/93	101	BET	1974.0	02/04/94
2	British Petroleum	34950.0	31/12/93	102	Johnson Matthey	1955.0	31/03/94
3	British Telecommunications	13675.0	31/03/94	103	Dixons Group	1921.4	30/04/94
4	British Aerospace	10760.0	31/12/93	104	NFC	1901.6	02/10/93
5	Imperial Chemical Industries	10632.0	31/12/93	105	Burton Group	1893.1	28/08/93
6	Sainsbury, J	10583.2	12/03/94	106	Reuters Holdings	1874.0	31/12/93
7	British Gas	10386.0	31/12/93	107	Pearson	1870.1	31/12/93
8	BTR	9772.0	31/12/93	108	Eastern Electricity	1846.3	31/03/94
9	Hanson	9760.0	30/09/93	109	Southern Electric	1780.2	31/03/94
10	Mitsui & Co	8964.3	31/12/92	110	Scottish & Newcastle	1759.8	01/05/94
11	Tesco	8599.9	26/02/94	111	Brent Walker Group	1683.3	31/12/93
12	Unilever	8440.0	31/12/93	112	Blue Circle Industries	1678.8	31/12/93
13	Sumitomo Corporation	8198.7	31/03/92	113	Nestle Holdings UK	1677.1	31/12/92
14	Grand Metropolitan	8120.0	30/09/93	114	T & N	1662.2	31/12/93
15	Shell UK Ltd	6814.0	31/12/92	115	Amalgamated Metal Co	1643.9	30/09/92
16	Marks & Spencer	6541.2	31/03/94	116	Peugeot Talbot Motor	1643.3	31/12/93
17	Esso UK	6522.1	31/12/92	117	Siebe	1618.6	03/04/93
18	British Airways	6303.0	31/03/94	118	Granada Group	1615.1	02/10/93
19	Smithkline Beecham	6164.0	31/12/93	119	AAH	1598.9	31/03/94
20	Inchcape	5876.9	31/12/93	120	East Midlands Electricity	1570.0	31/03/93
21	General Electric Company	5791.0	31/03/94	121	Scottish Power	1568.6	31/03/94
22	P & O Steam Navigation	5746.0	31/12/93	122	Wimpey, George	1555.3	31/12/93
23	Glaxo Holdings	5656.0	30/06/94	123	Morrison, Wm Supermarkets*	1538.4	30/01/94
24	Argyll Group	5607.7	02/04/94	124	Bunzl	1519.5	31/12/93
25	Post Office	5668.0	27/03/94	125	Norweb	1470.6	31/03/94
26	Allied Lyons	5526.0	05/03/94	126	WPP Group	1430.7	31/12/93
27	Ford Motor Co Ltd	5383.0	31/12/92	127	BBA Group	1417.4	31/12/93
28	BAT	5154.0	31/12/93	128	Nurdin & Peacock	1403.3	31/12/93
29	Dalgety	4955.3	30/06/94	129	TI Group	1392.8	31/12/93
30	Asda group	4682.2	30/04/94	130	Syntex Corporation	1359.8	31/07/93
31	Gallaher	4712.8	31/12/92	131	Palmer & Harvey Holdings	1358.8	04/04/92
32	Cable & Wireless	4699.2	31/03/94	132	Cookson Group	1352.9	31/12/93
33	Guinness	4663.0	31/12/93	133	Mowlem, John	1342.0	31/12/93
34	Hillsdown Holdings	4595.1	31/12/93	134	Courage	1333.1	30/06/92
35	Kingfisher	4479.4	29/01/94	135	Fisons	1324.4	31/12/93
36	Bass	4451.0	30/09/93	136	Western United Investments	1311.5	31/12/93
37	Zeneca Group	4440.0	31/12/93	137	Vendome Luxury Group	1287.0	31/03/94
38	Associated British Foods	4422.0	18/09/93	138	Laing, John	1229.0	31/12/93
39	Schlumberger Ltd	4294.8	31/12/93	139	Williams Holdings	1212.6	31/12/93
40	Thorn EMI	4292.1	31/03/94	140	Meyer International	1192.9	30/03/94
41	Saatchi & Saatchi Company	4279.1	31/12/93	141	Iceland Group	1182.4	01/01/94
42	Ladbroke Group	4268.7	31/12/93	142	Unichem	1177.8	31/12/93
43	British Steel	4191.0	02/04/94	143	Lex Service	1175.7	26/12/93
44	Boots Company	4167.1	31/03/94	144	Menzies (John)	1168.1	01/05/93
45	Mitsubishi Corporation	4011.7	31/03/93	145	Albert Fisher Group	1165.8	31/08/93
46	Swire, John & Sons	3942.0	31/12/93	146	Dairy Crest Ltd	1165.8	31/03/93
47	Trafalgar House	3879.1	30/09/93	147	Tanjong	1162.1	31/01/93
48	British Coal Corporation	3879.0	27/03/93	148	BPB Industries	1150.8	31/03/94
49	IBM United Kingdom Holdings	3751.0	31/12/92	149	Taylor Woodrow	1149.7	31/12/93
50	Cadbury Schweppes	3724.8	01/01/94	150	Costain Group	1143.1	31/12/93
51	Tate & Lyle	3698.1	25/09/93	151	Sony United Kingdom Ltd	1142.7	31/03/92
52	National Power	3641.0	27/03/94	152	Hunter Douglas NV	1140.8	01/01/94
53	BICC	3614.0	31/12/93	153	English China Clays	1130.7	31/12/93
54	Dreyfus, Louis & Co	3611.4	31/12/92	154	Argos	1109.7	01/01/94
55	Booker	3588.7	01/01/94	155	Fina	1108.7	31/12/92
56	Rolls-Royce	3518.0	31/12/93	156	Debenhams	1101.2	28/08/93
57	Engelhard Ltd	3388.4	31/12/92	157	BAA	1097.8	31/03/94
58	Texaco Ltd	3381.6	31/12/91	158	Thames Water	1093.2	31/03/94
59	Tomkins	3245.1	30/04/94	159	Brown, John	1088.1	30/09/93
60	RTZ Corporation	3184.0	31/12/93	160	Honda Motor Europe	1068.9	31/03/92
61	RMC Group	3169.9	31/12/93	161	IMI	1064.6	31/12/93
62	Rank Xerox Ltd	3161.0	31/10/93	162	Hunting	1059.4	31/12/93
63	Co-operative Wholesale	3111.5	08/01/94	163	British Nuclear Fuels	1049.0	31/03/93
64	BOC Group	3067.5	30/09/93	164	Storehouse	1045.5	02/04/94
65	United Biscuits Holdings	3049.4	01/01/94	165	Mobil Oil Co Ltd	1037.3	31/12/92
66	Vauxhall Motors Ltd	2998.1	31/12/92	166	Carlton Communications	1004.7	30/09/93
67	Powergen	2932.0	03/04/94	167	Gestetner Holdings	1000.1	31/10/93
68	Isosceles	2867.0	24/04/93	168	Severn Trent	998.0	31/03/94
69	Great Universal Stores	2810.4	31/03/94	169	Interpublic	990.4	31/12/91
70	Reed International	2798.0	31/12/93	170	Signet Group	988.0	29/01/94
71	Burmah Castrol	2757.8	31/12/93	171	Glynwed International	965.8	25/12/93
72	Aegis Group	2748.4	31/12/93	172	Ocean Group	963.7	31/12/93
73	Pilkington	2737.4	31/03/94	173	Caradon Group	960.7	31/12/93
74	Arjo Wiggins Appleton	2727.0	31/12/93	174	Chevron UK Ltd	956.7	31/12/92
75	Rich, Marc & Co	2674.4	31/12/91	175	Smith & Nephew	948.7	31/12/93
76	Tarmac	2669.2	31/12/93	176	Waste Management Int.	941.4	31/12/93
77	Kwik Save Group	2651.2	28/08/93	177	Lloyds Chemists	939.7	30/06/94
78	Wolseley	2490.7	31/07/93	178	Courtaulds Textiles	923.1	31/12/93
79	Rothmans International	2485.1	31/03/94	179	Racal Electronics	916.1	31/03/94
80	ICL	2477.9	31/12/92	180	United Newspapers	908.5	31/12/93
81	Coats Viyella	2443.8	31/12/93	181	APV	906.0	31/12/93
82	Lucas Industries	2434.1	30/07/93	182	Saurer Group Holdings	899.5	31/12/92
83	Whitbread	2360.4	26/02/94	183	Union International	891.5	31/12/93
84	Littlewoods Organisation	2347.9	31/12/92	184	Laporte	877.0	02/01/94
85	Smith (W.H.) Group	2311.8	29/05/93	185	Vodafone Group	850.5	31/03/94
86	Redland	2216.3	31/12/93	186	Rolls Royce Power Engineering	847.9	31/12/93
87	Harrisons & Crosfield	2210.0	31/12/93	187	VSEL	832.9	31/03/94
88	Amec	2184.2	31/12/93	188	Delta	832.7	01/01/94
89	John Lewis	2163.9	29/01/94	189	British Sugar	823.9	18/09/93
90	Bowater	2112.1	31/12/93	190	Babcock International	805.2	31/03/94
91	Rank Organisation	2108.8	31/10/93	191	Cowie Group	799.8	31/12/93
92	Forte	2108.0	31/01/94	192	Digital Equipment Co Ltd	790.5	30/06/92
93	Reckitt & Colman	2095.6	01/01/94	193	FKI Group	794.5	31/03/94
94	Northern Foods	2048.6	31/03/94	194	Morgan Crucible Company	793.3	04/01/94
95	Wellcome	2040.7	31/08/93	195	Retail Corporation	793.3	31/01/94
96	GKN	2022.3	31/12/93	196	Scottish Hydro Electric	792.4	31/03/93
97	Sears	2015.7	31/01/94	197	Bibby, J & Sons	791.5	25/09/93
98	Courtaulds	1995.3	31/03/94	198	Hazlewood Foods	761.8	31/03/93
99	Lonrho	1990.0	30/09/93	199	Rugby Group	755.4	31/12/93
100	Unigate	1980.0	31/03/94	200	British Vita	754.2	31/12/93

*In addition to companies which are publicly-owned and which appear in the UK Top 500, this table also includes private- and state-owned companies. The turnover rank for companies in the UK Top 500 table will therefore differ.

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INVESTMENT TRUSTS

Weak equities raise doubts

After the revival enjoyed by the sector during the early 1990s, Philip Coggan poses the question whether disillusioned investors will be driven away by the fall in the stock market

The past year has been one of decidedly mixed fortunes for the investment trust sector. It continued its revival in terms of attracting new investors, but a poor year for stock markets created the threat that the recent success might be short-lived.

The FT-SE investment trust index fell by around 11 per cent during 1994 while the FT-SE-A All-Share fell only 9.5 per cent over the same period.

A period of underperformance was probably inevitable. At the start of 1994, the sector was trading at its lowest discount to net assets for around 20 years.

The discount widened slightly during the year, from around 5-6 per cent in January to 8 per cent by the end of December. But this was not as bad as it might have been – as recently as the late 1980s, 15 per cent was regarded as a "normal" discount.

The important issue for the sector is whether the marketing efforts of the 1980s and early 1990s have moved trusts to a permanently lower discount – or whether they are doomed to return to the wide discounts of previous years.

Only seven or eight years ago, most trust managers would scarcely have imagined the sector's current success. The large general trusts were being picked off by predators and new issues were hard to launch; why pay more than asset value (after the effect of charges) for shares when existing trusts are available at a heavy discount?

Furthermore, the sector's long-term demand problem had yet to be resolved. Their shareholder registers were dominated by institutional investors, who considered that they no longer needed to sub-contract the business of fund management, except in a few specialist fields. Thus institutions were likely sellers of trust shares.

Meanwhile, most private investors were sticking with the safety of the building society and even those who were tempted into equities were overwhelmingly choosing unit trusts.

However, the seeds of future success were sown in the mid-1980s. Foreign & Colonial launched the first savings scheme in 1984 and other trusts slowly followed suit.

Then in 1986, Nigel (now Lord) Lawson created personal equity plans, a tax-free haven for equities.

Initially the Pep rules were unfavourable to collective funds. But a series of regulatory changes gradually brought the annual trust Pep investment limit up to £6,000.

The new limit coincided with the sharp fall in interest rates in the early 1990s, which sent many savers away from the building societies in a desperate search for more attractive income-yielding investments.

Fund managers were able to launch a number of high-yielding trusts, particularly with split capital structures in which all the revenue went to income shares, making them particularly attractive to Pep investors.

Furthermore, the growing enthusiasm for emerging markets created an outlet for specialist trusts which would appeal to institutions.

Rather than develop a costly research expertise in illiquid markets, pension funds and insurance groups could simply buy into an emerging markets trust.

In the past, periods of investment trust success have created their own problems. Managers have launched so many trusts that eventually supply has overwhelmed demand, widening the discount and thus ending the new issue boom.

There were tentative signs of this in 1994. The early part of the year was dominated by new issues. In July, 3i, the venture capital trust, floated on the market after an aborted attempt in 1993 and instantly became the largest trust in the sector.

However, 3i was an unusual new issue for the sector in that it was a company with a long established portfolio. Three entirely new trusts have also joined the ranks of the largest 25 funds over the past year; Mercury World Mining, Mercury European Privatisation and Kleinwort European Privatisation, which between them raised about £1.5bn.

With the exception of 3i, these new issues were able to take advantage of the wave of euphoria which accompanied the buoyant equity markets of 1993. In the case of the two privatisation funds, the success in raising such large sums may have been a mixed blessing. Both have slumped to large discounts to asset value, leaving those who bought the new issue facing substantial losses.

It may be that, in the midst of bull market fever, some investors were looking for quick short-term gains. "The trusts raised an enormous amount of money but clearly a lot of that money wasn't planning to stay there very long," says Nigel Sidebottom, who manages investment trust portfolios for stockbroker Gerrard Vivian Gray.

Some people who bought the Kleinwort fund, which was partly paid, may never have been intending to pay the second instalment.

Trusts were also able to take advantage of the continuing enthusiasm for emerging markets; both Templeton and Foreign & Colonial raised more than £100m in C share issues for their emerging market trusts this year.

But by the end of the year, with the problems in Mexico, there were fears that the enthusiasm for emerging markets might dwindle.

If weak stock markets do cause private investors to start withdrawing funds, the sector might face a problem. The table shows that around a third of the top 100 trusts are trading at a premium to their net asset values. It is hard to see that this is a sustainable position.

While it is possible to argue that the occasional trust might justify a premium (perhaps because of the excellence of its management record or because it represents the only way of getting access to some sought-after emerging market), such conditions cannot apply to so many trusts.

The logical conclusion, therefore, is that such premiums will disappear with further consequent underperformance for trust shareholders.

A virtuous circle has helped trusts over the past decade: a falling discount, leading to good performance, attracting more investors, leading to an even smaller discount.

But this could turn into a vicious circle: a rising discount, leading to a poor performance, driving away investors, leading to an even bigger discount.

The hope for the sector must be that savings schemes and Peps have attracted long-term private investors who will not easily be persuaded to sell, even if the market falls for a year or so. But such hopes might yet prove to be pious.

■ **Investment trusts**

Rank 1994	Rank 1993	Company	Market capital £m	Shareholders' funds £m	Discount
1		3i	1901.7	1914.0	0.5*
2	1	Foreign & Colonial Trust	1418.9	1433.1	0.9
3	3	Edinburgh Investment	884.4	980.7	8.2
4	2	Alliance	874.9	965.4	9.3
5	4	Witan	850.1	950.8	10.5
6	5	Scottish Mortgage	799.0	888.7	10.2
7	7	Govett Oriental	714.3	785.4	9.4
8	6	British Investment	624.0	718.1	13.1
9	11	Fleming Far Eastern	556.4	631.5	11.8
10	10	Electra	551.0	644.2	14.4
11	8	Scottish Investment	544.7	675.5	15.4
12	9	Scottish Eastern	510.1	591.6	13.2
13	23	Templeton Emerging Markets	502.8	558.6	6.3*
14		Mercury World Mining	479.0	475.7	2.8*
15	12	Anglo & Overseas	473.4	542.4	12.9
16		Mercury Euro Private	462.9	560.7	17.5
17	30	Fleming Japanese	456.5	473.6	1.4*
18	14	Fleming Mercantile	413.3	461.9	10.8
19	18	Monks	406.6	439.0	7.0
20	15	Murray International	402.2	404.1	0.8
21		Kleinwort Euro Private	385.0	461.3	16.5
22	16	Fleming Overseas	383.2	449.5	14.8
23	22	Foreign & Colonial Pacific	369.6	412.2	12.7
24	17	Scottish National – Unit	361.9	338.6	6.9*
25	13	British Assets	359.0	391.6	7.7
26	20	Scottish American	354.4	393.4	8.0
27	21	T R Smaller Companies	348.4	259.3	2.9
28	32	R I T Capital Partners	316.2	463.2	18.4
29	19	Investors Capital	315.4	332.0	5.3
30	25	Second Alliance	295.7	327.6	9.6
31	37	E F M Dragon	294.4	324.1	2.2
32	24	M & G Income – Unit	293.2	291.9	0.4*
33	27	T R City of London	287.4	283.8	0.8*
34	28	Bankers	285.6	279.3	2.5*
35	26	Murray Income	282.2	274.3	2.5*
36	40	Murray Smaller Markets	274.4	272.7	0.6*
37	31	Merchants	263.5	259.5	1.0*
38	29	Securities Trust of Scotland	261.1	273.8	4.1
39	36	Dunedin Worldwide	258.9	289.0	11.1
40	33	Govett Strategic	239.5	266.0	9.3
41	34	Throgmorton Trust	238.5	248.8	8.2
42	35	T R Technology – Unit	235.8	254.5	6.9
43	38	American	221.9	239.1	7.0
44	42	Fleming Continental Euro	210.5	211.2	0.8
45	41	Dunedin Income Growth	201.3	199.6	0.5*
46	39	River & Mercantile – Unit	198.1	191.6	3.2*
47	44	Fleming American	197.5	254.6	3.9
48	43	Temple Bar	190.0	197.4	2.4
49	46	Kleinwort Overseas	189.7	223.8	14.9
50	47	English & Scottish	179.6	208.4	9.5
51	45	M & G Recovery – Unit	177.4	176.8	0.4*
52	55	Fleming Emerging Market	176.3	194.0	0.3
53	53	Foreign & Colonial Smaller Cos	174.4	177.3	0.7
54	49	Electric and General	174.1	190.3	8.7
55	52	Law Debenture Corporation	169.9	140.2	21.1*
56	50	Baring Tribune	162.0	192.2	16.2
57	48	Kleinwort Charter	161.6	190.7	15.6
58	54	Drayton Far Eastern	161.2	191.1	15.3
59	75	TR Property	157.7	181.8	9.1
60	56	Sphere – Unit	157.3	153.4	3.1*
61	51	G T Japan	154.7	162.9	5.0
62	57	Brunner	150.1	165.8	9.3
63	66	T R Pacific	146.7	153.1	4.5
64	58	Foreign & Colonial Eurotrust	138.4	141.3	1.9*
65	59	Overseas	134.8	158.9	13.3
66	69	Foreign & Colonial Emerging Mkts	134.8	145.0	5.2*
67		Five Arrows Chile	134.4	211.2	34.8
68	60	M & G Dual – Unit	124.7	129.6	3.8
69	68	British Empire Securities	124.4	139.3	7.3
70		Edinburgh Tiger	121.8	131.5	10.2
71	62	Fleming Intl High Income – Unit	116.5	113.9	1.7*
72	65	General Consolidated – Unit	114.9	112.6	3.8*
73	61	River Plate & General – Unit	114.8	108.2	6.3*
74		Fleming	112.6	108.5	3.0*
75	67	Fleming Claverhouse	111.6	110.8	0.1*
76	72	Thornton Asian Emerging Markets	111.2	132.6	12.8
77		Schroder Japan Growth	110.6	110.0	1.0*
78	63	Schroder Split Fund – Unit	110.1	99.6	10.1*
79	73	St Andrew	109.3	110.1	0.8
80	81	Pacific Assets	105.8	125.6	7.0
81	70	Majedie	104.5	120.0	12.9
82		HTR Japanese Smaller	104.5	108.1	2.4
83		Schroder UK Growth	103.7	103.9	0.2*
84	71	Aberforth Smaller Co	97.4	104.6	2.4*
85		T R European Growth	96.9	100.6	0.2
86	98	Abtrust New Dawn	96.7	114.9	8.9
87	83	Gartmore Emerging Pacific	94.3	109.2	4.6
88		Fidelity Japanese Values	94.2	95.5	0.9
89	78	USDC	88.5	102.3	13.8
90	76	Yeoman – Unit	85.1	81.5	4.4*
91	82	Mercury Keystone	84.3	86.8	3.2
92		Hoare Govett Smaller Cos Index	83.4	84.4	0.4
93	74	Moorgate Smaller Cos Income	81.4	90.3	6.4
94	80	Fleming Enterprise	81.0	85.1	5.2
95		Fleming Indian	80.2	80.0	3.2*
96		Aberforth Split Level – Unit	79.4	85.7	6.5
97	84	Murray Ventures	79.0	90.6	13.0
98	86	T R Far East Income	78.6	82.1	2.6*
99	95	Fidelity European Values	77.4	89.0	7.0
100	87	Shires	74.0	75.4	4.7*

* Premium

ITALY

Nine companies join the elite

Andrew Hill discusses the effect privatisation has had on the country's representation in the FT500

The ranking of Italian companies in the FT500 for 1994 paints a picture of a corporate economy in the throes of structural change.

There are nine Italian companies in the list of newcomers to the 1994 rankings, more than from any other country. Five are there because their owners decided to float more shares on the Italian market. If this trend is pursued in the coming years, then the days when Italy was chronically under-represented in such lists may be numbered.

The most important phenomenon of 1993-94 was privatisation. Ina, one of Italy's biggest insurance companies, and Istituto Mobiliare Italiano (IMI), the banking and financial services group, feature for the first time because the Italian treasury sold off a substantial proportion of its shares in the two companies during 1993. Finmeccanica, the state-controlled engineering group, has also joined the list, following a rights issue which reduced the Italian state's stake to some 60 per cent in a quiet partial privatisation.

The newcomers' list also contains evidence of the banks' gradual move into private ownership. For example, the foundation which owns San Paolo di Torino, Italy's biggest banking group, took advantage of a 1990 law on the sale of shares to float part of its banking subsidiary in 1992. It joins the 1994 list – just – because the free float of San Paolo's shares crept over the 25 per cent threshold following a merger with other banks in 1993.

Telecom Italia was also, indirectly, born of Italy's privatisation programme, although it is not strictly speaking a newcomer. The company is the fruit of the 1994 merger between five state-controlled telecoms operating companies, two of which – Sip and Italcable – featured in the 1993 ranking. But the operation was one step on the way to privatisation of Stet, the main state-controlled holding company, which should take place during 1995.

Meanwhile, SME, the state-controlled food and retailing group, has dropped out. Its state owners agreed in autumn 1994 on the final phase of its dismemberment and privatisation, selling off its supermarket and restaurant businesses.

The fifth important share issue of 1993-94 was that of Mondadori, the publishing company controlled by Mr Silvio Berlusconi. The group was already quoted, but a tiny proportion of shares was in the hands of independent shareholders. However, in the wake of his appointment as prime minister in May 1994, Mr Berlusconi reversed all his publishing interests into the Mondadori group and pushed through an offer of shares which reduced his family stake to less than 50 per cent.

These are the two strands which investors, not to mention the stock exchange authorities, hope will be taken up in the coming months and years.

If, in spite of political ructions, the Italian government can hold to its ambitious timetable of state sales, then the 1995 ranking of Italy's main quoted companies could include even larger former state-owned entities such as Enel, the electricity producer, and all or part of Eni, the energy and chemicals holding company. Cariplo, the Milan-based institution which claims to be the world's biggest savings bank, was also contemplating a flotation of part of its capital in the middle of last year, until market conditions turned sour, and may revive its plans in 1995.

With the state and well-known Italian entrepreneurs setting an example, analysts believe some of Italy's unquoted, family-owned Italian companies may in time be inspired to seek a listing for their shares.

■ **Companies by market capitalisation**

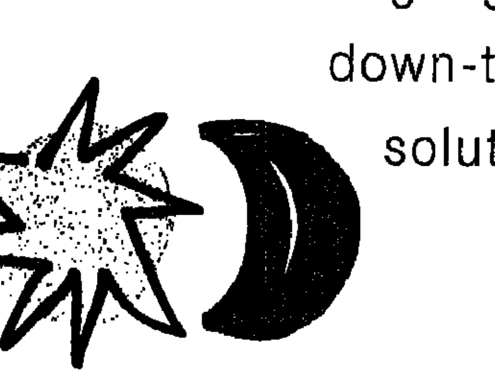
Rank	Company	$m	Rank 1994	Sect
1	Generali	20477.6	15	151
2	Telecom Italia	15741.9	25	223
3	Fiat	13986.8	33	401
4	STET	11839.4	49	171
5	INA	5939.2	105	151
6	Alleanza	5829.1	108	151
7	Montedison	4437.9	143	622
8	San Paolo di Torino	4407.7	148	112
9	Mediobanca	4255.8	150	121
10	Istituto Mobiliare	4136.3	154	112
11	Banca Commerciale	3851.9	171	112
12	RAS	2757.0	246	151

Not that 1994 was a particularly good year for those companies which were privatised. The former state-controlled banks, Banca Commerciale Italiana (BCI) and Credito Italiano, both saw the value of their shares drop. That was partly because they announced big rights issues within months of the public offer of the state's shareholding. It was also because, having announced exceptionally good results for 1993, the Italian banking sector suffered in the first half of 1994 from the trend towards higher interest rates and the recession's residue of bad loans.

Italy's industrial companies, by contrast, showed the first real signs of recovery in 1994. Fiat, the automotive and industrial company which is a bellwether of Italian industry, is high in the ranking of Europe's "largest swings to loss", after announcing the worst results in its history for 1993. But at the same time, the group, headed by Mr Giovanni Agnelli, managed to lift itself from 85th to 33rd in the overall ranking, because shareholders bet on its continuing recovery.

Even more dramatic is the recovery of the once-terrible twins of Italian industry, Montedison and its financial holding company Ferruzzi Finanziaria (Ferfin). The 1993 snapshot of the Italian stock market caught the two companies at the nadir of their fortunes, blighted by corruption and alleged mismanagement and teetering on the brink of bankruptcy. In the 12 months which followed, creditor banks approved a rescue plan, involving emergency rights issues, debt rescheduling, asset sales and a medium-term investment programme. Under the management of Mr Guido Rossi and Mr Enrico Bondi, brought in as chairman and managing director at the beginning of the crisis in mid-1993, the industrial activities of Montedison – chemicals, energy and agro-industry – have begun to emerge from recession.

That explains why Montedison managed the largest increase in rank in the European 500 – pulling back from 468th to 143rd – helped by the confidence of new shareholders, such as investment funds, which underwrote its rights issue. Ferfin has also returned to the list in almost exactly the same slot it vacated in 1992, but its shares have had a less happy year. Indeed, in the 12 months to December 14 (the formal end to the Milan stock exchange year), Ferfin's ordinary shares were the third worst performing stock on the Italian market, slipping nearly 38 per cent.



Mixed fortunes for giants

SWITZERLAND

Independence pays dividends

The Swiss were expected to be penalised for staying outside the EU, but, says Ian Rodger, their leading industries have prospered

Switzerland these days looks like a good advertisement for staying outside the European Union.

In December, 1992, a majority of Swiss voted against joining the European Economic Area, a sort of halfway house on the way to the Union itself.

At the time, many economists and industrialists thought the country would pay a heavy price for its stubborn decision to remain independent.

In fact, however, the country's economy has pulled out of recession since then and its leading industries have significantly improved their competitiveness.

These trends are clearly reflected in the FT500. There are three more Swiss companies on the list than there were a year ago, and the only departure, Leu Holding, was the result of the CS Holding financial services group completing its takeover of the Zurich bank.

Six of the 28 Swiss companies on the list figure among those that have made the biggest increases in rank, while only seven have declined.

As the calculations are based on market capitalisation, the strong performance of the Swiss companies also reflects a remarkable surge in the Swiss stock market since December, 1992. While the market has weakened some 15 per cent from its peak at the end of January, 1994, it is only 2 per cent lower than in late 1993 and is 47 per cent above the December, 1992 level.

In dollar terms – and that is the measure for the FT500 – the performance is even better, as the Swiss franc was about 12 per cent stronger against the dollar in late 1994 than in late 1993.

Last year, investors were startled when the pharmaceuticals group Roche surged past the Nestlé foods group to become the most highly valued Swiss company. Nestlé had been the country's largest industrial company by every measure as long as anyone could remember and still tops the list in terms of sales and profits.

This year, both groups have advanced up the table, but Roche's performance and prospects continue to attract the most attention.

Roche and the two other big Swiss drug groups, Ciba and Sandoz, have all made huge acquisitions in the US this year, taking advantage of the weak dollar to deepen their penetration of this vital market. But each revealed strikingly different priorities. Roche went for an integrated drugs maker, Syntex, Sandoz for the baby foods group Gerber, and Ciba for a leading edge biotechnology research house, Chiron.

All three big universal banks, Union Bank of Switzerland, CS Holding and Swiss Bank Corporation, have suffered sharp profit and share price declines this year, but their rankings moved in different directions.

UBS has moved up mainly because of the enduring premium on its registered shares. These shares have five times the voting power of the bearer shares and were sought actively in a landmark proxy battle that peaked in November over the bank's governance.

The UBS board proposal to convert the registered shares into bearers, but the lingering premium suggests that investors have doubts that it can overcome legal challenges to it.

Swiss Bank has slipped down the list as investors were startled by its relatively poor interim results while CS Holding, which generally kept out of the headlines in 1994, has held steady.

Among the big insurance groups, Swiss Reinsurance captured the most interest, with its radical decision in September to sell off all its direct insurance interests for some SFr5.3bn.

■ Companies by market capitalisation

Rank	Company	$m	Rank 1994	Sect
1	Roche Holding	44989.5	2	622
2	Nestle	35386.7	4	451
3	Union Bank of Switzerland	24462.9	11	112
4	Sandoz	18554.9	18	433
5	Ciba	15784.8	24	622
6	CS Holding	13761.7	36	112
7	Swiss Bank Corporation	10636.3	57	112
8	Zurich Insurance	8322.9	82	151
9	Brown Boveri & Company	7540.9	34	451
10	Swiss Reinsurance Group	6598.4	99	151

Lukas Mühlemann, a management consultant who joined Swiss Re as chief executive in August, said the group concluded in a strategic review that it should concentrate on its core reinsurance business, winning wide support from investors.

Radical restructuring has been a prominent theme among Swiss companies in the past two or three years. Liberalised domestic markets, a strong Swiss franc and the country's isolation within Europe have all forced companies to re-examine their activities. And many have proved that they can respond well under pressure.

Alusuisse-Lonza has performed particularly well. The group has sold most of its lacklustre primary aluminium assets and quickly built up a strong packaging division mainly through acquisitions. Alusuisse achieved the biggest jump in the rankings among Swiss companies last year, from 280 to 206.

The achievements of strong managers have contributed to higher valuations at many other companies.

Schindler, the world's second largest elevators and escalators group, has pushed ahead of its rivals in the escalator sector, thanks to the implementation of a global design and sourcing strategy.

Holderbank, the multinational cement group, has become much more profitable following rationalisations in North America and Europe.

All three of the newcomers to the list are further examples of renovation. Landis & Gyr, the electric meters group, has taken tough action to modernise its products and slash its production costs. Oerlikon-Bührle, the weapons, engineering and retailing conglomerate, has recovered from near bankruptcy two years ago under the strong hand of Hans Widmer.

Merkur Holding was a local coffee, food speciality and restaurant business until six years ago when new management took it on an aggressive diversification and acquisition spree. It is now one of the biggest operators in Europe in food vending machines and bed mattresses.

While sales have soared from SFr287m in 1987 to SFr2.7bn last year, earnings per share have been disappointing. However, investors began to believe last year that the group would henceforth put its priority on improving earnings, and bid the shares up accordingly.

The improved share performance of many of these companies also reflects a shift in investor sentiment from defensive and financial shares to cyclicals. Sulzer, the medical equipment and engineering group, has been particularly popular.

On the other hand, those dependent on consumer spending have not fared well. Richemont, the Rothmans tobacco and Cartier-Dunhill luxury products group, saw its ranking fall with its 1993 profits.

BENELUX COUNTRIES

KPN springs into the lead

The buoyant economies of the three countries have ensured a good showing for companies, say Ronald van de Krol and Emma Tucker

Many companies in the Benelux countries saw a strong improvement in their FT500 rankings, with those in the Netherlands doing particularly well, building on gains recorded in the previous year. The relative improvement in Belgium marks a significant turnaround compared with 1993, when most companies suffered a decline in the rankings.

The Benelux's buoyant performance in the top 500 reflects the robustness of the three countries' economies, the sharp recovery of cyclical shares on their stock exchanges and special factors affecting individual companies.

In the Netherlands, the list of companies was radically shaken up in 1994 by the long-awaited partial privatisation of KPN, the country's telecommunications and postal group.

In the largest flotation ever to take place on the Amsterdam Stock Exchange, the Dutch government sold a 30 per cent stake in KPN in June, giving the company a market capitalisation of nearly $14bn.

This propelled the bourse newcomer, 36th in the FT500, into a clear lead among Dutch companies, ahead of such stalwarts as Internationale-Nederlanden Group (ING), ABN Amro and Philips (though it is still dwarfed by the two big Anglo-Dutch groups, Royal Dutch/Shell and Unilever).

Another highly-ranked "Dutch" newcomer to the FT500 is PolyGram at 86th. In previous years, the London-based music and entertainment company did not qualify for a listing because Philips, the Dutch electronics group, held 80 per cent of its shares. Philips's holding has since dropped to 75 per cent because it did not participate in a rights issue launched to finance the acquisition of the Motown record label.

The KPN flotation was undoubtedly the corporate highlight of the year and the biggest Dutch factor in the 1994 FT500. This marks a departure from the years 1990 to 1993, when a string of large mergers in the Netherlands enabled companies to leap higher in the European rankings.

However, there was one exception in 1994. The takeover by Akzo, the Dutch chemicals group, of its Swedish counterpart Nobel Industries also resulted in a wholesale shift in the rankings. Akzo Nobel, as the new company is called, shot up to 81st place in the FT500 ranking from 133rd a year earlier.

Still, this strong rise was not the most spectacular increase in the rankings of Dutch companies. The ranking of KLM, the Dutch national carrier, surged into 280th place from 472nd in 1993, while chemicals group DSM leapt into 220th place from 395th. In another robust rise, KNP BT, the paper and packaging group, improved its ranking to 223rd from 365th.

■ Companies by market capitalisation

Rank	Company	Coun	$m	Rank 1994	Sect
1	Royal Dutch Petroleum	Net	57828.1	1	212*
2	Unilever NV	Net	18539.8	7	451*
3	KPN	Net	13895.9	35	223
4	Internationale Nederlanden	Net	11774.3	50	121
5	ABN Amro	Net	10235.0	58	112
6	Philips	Net	10133.1	60	541
7	Electrabel	Bel	9045.7	71	221
8	Akzo Nobel	Net	8348.7	81	622
9	Polygram	Net	7805.8	86	461
10	Petrofina	Bel	7155.7	90	212

* Value on Amsterdam Stock Exchange only

Although these companies are involved in very different sectors, the main factor behind their respective rises was similar: the surge in cyclical shares on the Amsterdam Stock Exchange. This rise in the cyclicals, heightened by the guilder's rise against the dollar, produced a relatively larger increase in their market capitalisations in dollars than "defensive" stocks such as the banks and insurers.

The ranking of ING, the banking and insurance group, was barely changed at 50th, down just one place from 1993, while ABN Amro also slipped one spot to number 58 in the FT500.

The only Dutch company to suffer a big decline was BolsWessanen, whose shares have languished as a result of investors' continued scepticism about the strategy behind the 1993 merger between two of the Netherlands' most prominent food and drinks companies. It dropped to 379th place from 298th.

Of the 19 Belgian companies in the 500, eight have improved their ranking since last year, with a particularly remarkable rise by Bekaert, the steel and wire cord group. Two – Electrabel and Petrofina – maintain their places in the top 100.

The 1994 performance is a marked improvement on last year when all but two of Belgium's companies saw their listings drop. This year's more buoyant show largely reflects the overall improvement in the Belgian stock market whose cyclical stocks have been boosted by the economy's strong performance.

Bekaert is a good example. A producer of manufacturing input materials, it responds early to changes in the economic cycle and leapt 63 places from 432 in 1993 to 371 in 1994. The company benefited from an early cost-cutting programme, ahead of its competitors, which placed it in a strong position for the recovery.

There has been one addition to Belgium's contribution to the top 500. Following a reduction in Societe Generale de Belgique's stake to below 75 per cent, Union Miniere, the mining and minerals company, has entered the rankings at 312, with a market capitalisation of $2.069bn.

In Luxembourg – which contributes four companies to the top 500 – Audiofina has been the undoubted star. The media group – now ranked 362 compared with 416 in 1993 – has benefited from the general growth in media industries, but specifically from its involvement in pay-television channels. Groupe Bruxelles Lambert – which owns 55.3 per cent of Audiofina – benefited from the Luxembourg company's success, rising from 257 to 234.

Belgium's banking sector underperformed in 1994, as did other interest rate-sensitive companies, afflicted by the rise in long-term interest rates. Kredietbank, Belgium's third largest bank, slipped 54 places to 239, while Generale de Banque dropped from 158 to 178. The last of the big banks, Banque Bruxelles Lambert ended the year ranked 279, down from 267.

Another company that suffered from the rise in long bond rates was Electrabel, the state-owned power company. As a regulated utility it is perceived as a risk-free investment, so thrives in a low interest-rate environment. As rates rose, it slipped down the FT rankings from 60 to 71.

In the retail sector, Delhaize, the supermarket group improved its position by seven places to 318. Analysts believe the worst is over for the Food Lion, Delhaize's main interest abroad, while it has also pursued an interesting acquisition policy across Europe. This year sales and profits in Greek and Czech subsidiaries showed a modest increase while a 74 per cent stake in the French PG group proved successful.

■ Additions to the UK 500 1994

Company	Rank 1994	Sector	Company	Rank 1994	Sector
Vendome	42	495	Frost Group	399	495
Capital Shopping Centres	182	161	Royal Doulton	413	406
House of Fraser	212	491	Badgerline Group	414	304
Euromoney	239	472	Simon Engineering	415	561
Flextech	242	472	Greycoat Group	427	161
Beazer Homes	248	614	Argent Group	431	161
Gartmore	261	122	Celltech	434	433
DFS Furniture	284	495	Matthew Clark	437	422
London Insurance	304	151	Crockfords	446	461
Redrow	305	614	Henlys	450	571
Chelsfield	312	161	HTV	451	474
Exco	321	122	Roxboro	458	541
Carnas	323	611	Ashtead Group	460	613
Allders	328	491	Jupiter Tyndall	462	122
Alpha Airports	337	308	Edinburgh Fund Managers	469	122
Aegis Group	338	475	Birkby	475	161
Britton	346	622	Greggs	477	493
Graham Group	359	611	Evans Halshaw	480	406
Midland Indep Newspapers	377	472	Renold	484	563
Inspec Group	382	622	MacDonald Martin Distilleries	489	422
Plantsbrook Group	391	406	Costain Group	495	613
London Clubs	392	461	Holt (Joseph)	496	421
Scotia	394	433	Watts Blake Bearne	498	631
Pillar Property Investments	395	161	Independent Insurance	500	151

■ Departures from the UK 500 1994

Company	Rank 1993	Sector	Company	Rank 1993	Sector
Dunhill Holdings	186	406	Wardle Storeys	459	622
Central Independent TV	197	474	Plysu	461	622
LWT	205	474	Lamont Holdings	463	412
Invergordon Distillers	249	422	Whatman	464	566
Central Transport Rental Group	288	303	Westbury	466	614
Westland	333	523	Ferguson International Hldgs	467	652
Betterware	336	495	Hogg Group	468	142
Telemetrix	365	552	Perkins Foods	469	451
Silentnight Holdings	376	406	Triplex Lloyd	470	563
Anglia Television Group	383	474	Countryside Properties	472	161
Automated Security (Holdings)	386	541	RPC Group	478	621
Macro 4	396	482	Scottish Metropolitan Property	480	161
Cathay International Holdings	402	161	Pendragon	481	495
Scholl	414	492	Metalrax Group	486	671
Huntingdon International	416	591	Dobson Park Industries	487	591
Bespak	421	433	Hambro Insurance	488	151
Proteus International	432	433	Leeds Group	489	412
Warner Estate Holdings	438	161	Transtec	491	552
M. R. Data Management	440	551	Inveresk	492	651
Volex Group	442	541	Chesterfield Properties	494	161
Concentric	445	566	Grampian Holdings	495	591
Graseby	448	551	Low (William)	497	493
Morland	457	421	Gleeson (M.J.)	498	613
Lowndes Lambert Group	458	142	Lep Group	500	482

■ UK top employers (worldwide operations totals)

Rank	Company	Sector	Rank 1994	Employees
1	BAT Industries	171	6	190308
2	BT	223	2	165700
3	BTR	591	10	129814
4	Sainsbury J	493	22	124841
5	BET	171	143	105123
6	HSBC Holdings	112	4	104027
7	Lonrho	171	137	99309
8	Barclays	112	13	99000
9	National Westminster Bank	112	18	98000
10	British Aerospace	523	94	96800
11	Tesco	493	34	93339
12	Grand Metropolitan	421	17	87163
13	Imperial Chemical Industries	622	24	87100
14	General Electric Company	541	19	86121
15	British Petroleum	212	3	84500
16	Bass	421	35	81105
17	Boots Company	492	31	80099
18	British Gas	222	7	79358
19	Coats Viyella	412	112	78097
20	Allied Domecq	421	27	71824
21	Hanson	171	8	71000
22	Asda Group	493	86	70515
23	Argyll Group	493	52	68546
24	Lloyds Bank	112	23	67182
25	Whitbread	421	55	62389

■ A–Z list of the UK top 500*

Company	Rank
A	
AAH Holdings	253
Abbey National	32
ACT Group	369
Adwest Group	443
Aegis Group	338
Airtours	205
Albert Fisher Group	203
Alders	328
Allied Colloids Group	192
Allied Domecq	27
Allied Textile Companies	393
Alpha Airports	337
Amec	340
Amersham International	201
Amstrad	429
Anglian Group	364
Anglian Water	98
APV	349
Argent Group	431
Argos	142
Argyll Group	52
Arjo Wiggins Appleton	70
Asda Group	86
Ashley (Laura) Holdings	390
Ashtead Group	460
Asprey	452
Associated British Foods	87
Associated British Ports	139
Astec (BSR)	306
ASW Holdings	474
Attwoods	269
Avon Rubber	419
B	
B S G International	367
BAA	33
Babcock International Group	298
Badgerline Group	414
Baird (William)	313
Bank of Scotland	63
Barclays	13
Bardon	333
Barratt Developments	276
Bass	35
BAT Industries	6
BBA Group	175
Beazer Homes	248
Bellway	370
Bemrose Corporation	471
Beresford International	286
Berkeley Group	277
BET	143
BICC	119
Bilton	331
Birkby	475
Black (Peter) Holdings	426
Blenheim Group	325
Blick	463
Blue Circle Industries	77
BOC Group	47
Boddington Group	274
Body Shop International	226
Bodycote International	384
Booker	155
Boots Company	31
Bowater Industries	64
Bowthorpe Holdings	200
BPB Industries	108
Bradford Property Trust	287
Brake Bros	345
Brammer	416
Britannic Assurance	178
British Aerospace	94
British Airways	43
British Bio-tech	314
British Gas	7
British Land	123
British Petroleum	3
British Polythene Industries	464
British Steel	41
British Vita	210
Britton	346
Brixton Estate	223
Brown (David) Group	486
Brown (N.) Group	247
Bryant Group	264
BSS Group	445
BT	2
BTP	235
BTR	10
Bullough	374
Bulmer H.P. Holdings	336
Bunzl	179
Burford Holdings	262
Burmah Castrol	95
Burton Group	161
C	
Cable & Wireless	16
Cadbury Schweppes	40
Caledonia Investments	198
Calor Group	216
Carnas	323
Capo	467
Capital Radio	294
Capital Shopping Centres	182
Caradon Group	99
Carclo Engineering	421
Carlton Communications	85
Carpetright	366
Cater Allen Holdings	398
Cattle's Holdings	423
Celltech	434
Charter	190
Chelsfield	312
Christies International	299
Chubb Security	159
City Centre Restaurants	425
Claremont Garments (Holdings)	409
Close Brothers Group	358
Clyde Petroleum	408
Coats Viyella	112
Cobham	342
Commercial Union	48
Compass Group	172
Control Techniques	436
Cookson Group	114
Costain Group	495
Courtaulds	92
Courtaulds Textiles	211
Courts	351
Cowie (T.)	270
Cray Electronics	236
Crockfords	446
Croda International	214
D	
Dalgan Holdings	334
Daily Mail and General Trust	140
Dalgety	138
Danka Business Systems	204
David Lloyd	494
Davis Service Group	318
Dawson International	307
Dawsongroup	472
De La Rue	91
Delta	184
Devro International	285
Dewhirst Group	406
DFS Furniture	284
Diploma	309
Dixons Group	181
Domestic & General	497
Domino Printing Sciences	447
Dorling Kindersley	373
E	
East Midlands Electricity	102
Eastern Group	83
Edinburgh Fund Managers	469
EIS Group	368
Electrocomponents	146
Ellis & Everard	343
Emap	176
English China Clays	132
Enterprise Oil	84
Etam	356
Euromoney	239
Eurotherm	266
Eurotunnel	126
Evans Halshaw	480
Evans of Leeds	428
Exco	321
F	
Fairey Group	290
Farnell Electronics	166
Field Group	424
Fine Art Developments	240
First Choice Holiday	375
First Leisure Corporation	222
First National Finance	485
Fisons	103
FKI	177
Flextech	242
Forte	82
Forth Ports	439
Frogmore Estates	332
Frost Group	399
G	
Gartmore	261
Geest	444
General Accident	61
General Electric Company	19
Gerrard & National	322
Gestetner Holdings	265
GKN	78
Glaxo Holdings	5
Glynwed International	188
Graham Group	359
Granada Group	63
Grand Metropolitan	17
Great Portland Estates	196
Great Universal Stores	28
Greenalls Group	156
Greene King	339
Greggs	477
Greycoat Group	427
Guardian Royal Exchange	101
Guinness	14
Guinness Peat Group	484
H	
Halma	225
Halstead (James) Group	490
Hambro Countrywide	422
Hambros	215
Hammerson	164
Hanson	8
Hardy Oil & Gas	410
Harrisons & Crosfield	125
Hays	128
Hazlewood Foods	289
Heath C.E.	402
Henderson Administration Grp	382
Henlys	450
Hepworth	180
Howden Stuart	262
Haywood Williams Group	280
Hickson International	295
Highland Distilleries	199
Hillsdown Holdings	122
Hodder Headline	479
Hogg Robinson	417
Holliday Chemical	327
Holt (Joseph)	496
House of Fraser	212
Howden Group	316
HSBC Holdings	4
HTV	451
Hunting	397
Huntleigh Technology	483
I	
Ibstock	361
Iceland Group	230
IMI	145
Imperial Chemical Industries	24
Inchcape	68
Independent Insurance	500
Inspec Group	382
Invesco	229
J	
JIB Group	400
Johnson Group Cleaners	488
Johnson Matthey	134
Johnston Press	351
Jupiter Tyndall	462
K	
Kalon Group	348
Kenwood Appliances	449
Kingfisher	48
Kleinwort Benson Group	195
Kwik Save Group	157
Kwik-Fit Holdings	300
L	
Ladbroke Group	90
Laing (John)	365
Laird Group	224
Land Securities	51
Laporte	113
Lasmo	127
Legal & General Group	72
Leigh Interests	453
Lex Service	257
Life Sciences International	329
Lloyd Thompson Group	493
Lloyds Abbey Life	68
Lloyds Bank	23
Lloyds Chemists	252
Logica	368
London and Manchester Group	235
London Clubs	302
London Electricity	109
London Forfaiting	403
London Insurance	304
London International Group	281
London Merchant Securities	310
Lonrho	137
Low & Bonar Group	234
Lucas Industries	107
M	
M & G Group	185
Macallan-Glenlivet	311
MacDonald Martin Distilleries	489
Macfarlane Group	357
MAI	174
Manders	466
Mansfield Brewery	438
Manweb	147
Marks and Spencer	9
Marley	244
Marshalls	401
"Marston,Thompson & Evershed"	301
Matthew Clark	437
Matthews (Bernard)	430
Mayflower Corporation	499
McAlpine (Alfred)	455
McKechnie	227
Medeva	231
Meggitt	405
Menvier-Swain	459
Menzies (John)	283
MEPC	89
Mercury Asset Management	131
Mersey Docks and Harbour Co	283
Meyer International	213
MFI Furniture Group	173
Micro Focus Group	468
Midland Independent Newspapers	377
Midlands Electricity	104
Mirror Group	203
Misys	385
ML Laboratories	293
Molins	398
Monument Oil and Gas	217
More O'Ferrall	482
Morgan Crucible	183
Morrison (Wm) Supermarkets	144
Mowlem (John)	383
Mucklow (A. & J.) Group	440
N	
National Express	485
National Power	28
National Westminster Bank	18
Newman Tonks Group	363
Next	156
NFC	118
Norcros	343
North West Water	75
Northern Electric	148
Northern Foods	130
Northern Ireland Electricity	193
Northumbrian Water Group	219
NORWEB	115
Nurdin & Peacock	319
O	
Ocean Group	237
Oxford Instruments Group	418
P	
P & O Steam Navigation	39
Park Food Group	371
Paterson Zochonis	324
Pearson	60
Peel Holdings	287
Pentland Group	249
Perpetual	278
Persimmon Group	303
Photo-Me International	433
Pilkington	110
Pillar Property Investments	395
Plantsbrook Group	391
Polypipe	344
Portals Group	221
Powell Duffryn	246
Powergen	38
Powerscreen International	291
Premier Consolidated Oilfields	441
Property Security Invest. Tst	376
Provident Financial	187
Prudential Corporation	29
R	
Racal Electronics	191
Raine	478
Rank Organisation	44
Readicut International	420
Reckitt & Colman	78
Redland	58
Redrow	305
Reed International	36
Refuge Group	228
Renishaw	442
Renold	484
Rentokil Group	71
Reuters Holdings	20
RJB Mining	407
RMC Group	87
Rolls-Royce	89
Rothmans International	59
Rotork	432
Roxboro	458
Royal Bank of Scotland Group	46
Royal Doulton	413
Royal Insurance Holdings	66
RTZ Corporation	12
Rugby Group	166
S	
Saatchi & Saatchi	259
Sage Group	481
Sainsbury J	22
Salvesen (Christian)	171
Savoy Hotel	255
Scapa Group	207
Schroders	93
Scotia	394
Scottish & Newcastle	57
Scottish Hydro-Electric	116
Scottish Power	54
Scottish Television	317
Sears	103
Securicor Group	186
Security Services	160
Sedgwick Group	154
Seeboard	135
Sema Group	241
Senior Engineering Group	258
Serco	365
Severn Trent	80
Shanks & McEwan Group	378
Sheffield Insulation Group	350
Shell Transport & Trading	1
Sherwood Group	470
Sidlaw Group	449
Siebe	65
Simon Engineering	415
Singer & Friedlander Group	411
Slough Estates	161
Smith & Nephew	105
Smith (David S) Holdings	152
Smith (W.H.) Group	120
Smith New Court	353
Smithkline Beecham	11
Smiths Industries	117
South Staffordshire Water	481
South Wales Electricity	189
South West Water	189
South Western Electricity	152
Southern Electric	79
Southern Water	141
Spirax-Sarco Engineering	260
Spring Ram Corporation	354
St Ives	271
St James's Place Capital	268
Stagecoach Holdings	278
Stakis	233
Standard Chartered	60
Stanley Leisure	387
Staveley Industries	320
Storehouse	167
Sun Alliance Group	56
Suter	352
T	
T & N	129
T & S Stores	486
Takare	302
Tarmac	124
Tate & Lyle	100
Taunton Cider	389
Taylor Woodrow	209
Tesco	34
Thames Water	76
The Telegraph	220
Thorn Emi	37
Thorntons	491
TI Group	96
Tibbett & Britten Group	273
Tilbury Douglas	366
Time Products	473
Tomkins	62
Town Centre Securities	476
Trade Indemnity Group	457
Trafalgar House	153
Transatlantic Holdings	136
Transport Development Group	279
Travis Perkins	288
Trinity	404
Trinity International Holdings	292
TSB Group	45
TT Group	243
U	
UniChem	245
Unigate	170
Unilever	15
Unitech	315
United Biscuits (Holdings)	97
United Friendly Group	232
United Newspapers	121
V	
Vaux Group	256
Vendome	42
Vickers	197
Victaulic	492
Vinten Group	347
Vodafone	25
Vosper Thornycroft	330
VSEL	218
W	
Wace Group	380
Waddington (John)	326
Wagon Industrial Holdings	335
Warburg S.G. Group	111
Wassall	202
Wates City of London Prop	467
Waterloughs	308
Watson & Philip	412
Watts Blake Bearne	498
Weir Group	208
Wellcome	30
Welsh Water	149
Wessex Water	150
Westminster Health Care	379
Wetherspoon	435
Whitbread	55
Wickes	264
Williams Holdings	81
Willis Corroon Group	194
Wilson (Connolly) Holdings	267
Wilson Bowden	272
Wimpey (George)	206
Wolseley	74
Wolverhampton & Dudley Brews	250
WPP Group	169
Y-Z	
Yorkshire Chemicals	372
Yorkshire Electricity	109
Yorkshire Water	133
Yorkshire-Tyne Tees Television	360
Yule Catto	296
Zeneca	21

* See page 19 for sector codes

طبق الأصل

UK ANALYSIS

FT500

Largest increase in profit

Rank	Company	Sector	Rank 1994	% profit increase
1	TSB Group	112	45	6920.0
2	Royal Bank of Scotland Group	112	46	2004.8
3	Ladbroke Group	461	90	1094.2
4	British Petroleum	212	3	1062.5
5	Commercial Union	151	49	779.2
6	WPP Group	475	168	699.7
7	Norcros	592	343	551.1
8	Heywood Williams Group	611	280	539.6
9	Zeneca	433	21	529.4
10	Singer & Friedlander Group	121	411	469.2
11	Wickes	611	264	415.4
12	Hammerson	161	154	403.8
13	Guardian Royal Exchange	151	101	400.7
14	Renold	563	484	400.0
15	Independent Insurance	151	500	325.5
16	Storehouse	491	167	310.5
17	Low & Bonar Group	652	234	291.8
18	Senior Engineering Group	561	258	280.0
19	Matthews (Bernard)	451	430	237.4
20	Sheffield Insulation Group	611	350	231.5
21	Mayflower Corporation	401	499	216.0
22	Perpetual	122	275	206.8
23	Blenheim Group	461	325	191.6
24	DFS Furniture	495	284	189.4
25	Meyer International	611	213	188.9

Largest decrease in profit

Rank	Company	Sector	Rank 1994	% profit decrease
1	Fisons	433	163	-99.2
2	Midland Indep Newspapers	472	377	-83.4
3	Charter	611	190	-82.7
4	Bulmer H.P. Holdings	424	336	-80.2
5	First Choice Holiday	406	375	-77.5
6	Pentland Group	171	249	-74.2
7	East Midlands Electricity	221	102	-67.0
8	McAlpine (Alfred)	613	455	-65.4
9	Staveley Industries	552	320	-64.8
10	Vinten Group	551	347	-58.8
11	Sainsbury J	493	22	-49.7
12	Racal Electronics	551	191	-44.7
13	Crockfords	461	446	-38.9
14	British Vita	622	210	-35.6
15	Courtaulds	621	92	-34.7
16	APV	563	349	-33.7
17	Enterprise Oil	213	84	-31.1
18	Grand Metropolitan	421	17	-31.0
19	Anglian Water	221	98	-28.7
20	Great Portland Estates	161	196	-28.1
21	United Biscuits (Holdings)	451	97	-27.9
22	Smith (W.H.) Group	495	120	-26.7
23	Forte	464	82	-26.2
24	Arjo Wiggins Appleton	652	70	-24.2
25	Domino Printing Sciences	471	447	-24.1

Most profitable companies

Rank	Company	Sector	Rank 1994	ROCE
1	Misys	462	365	266.8
2	Emap	473	176	208.6
3	Anglian Group	611	364	161.8
4	Park Food Group	493	371	128.1
5	Perpetual	122	275	127.5
6	DFS Furniture	495	284	125.7
7	ACT Group	482	369	125.2
8	Euromoney	472	239	124.2
9	Sage Group	482	461	119.3
10	Gartmore	122	261	118.3
11	Carpetright	412	386	107.1
12	Airtours	301	205	82.3
13	Danka Business Systems	482	204	75.3
14	Brown (David) Group	561	456	74.6
15	Rentokil Group	622	71	71.1
16	Taunton Cider	424	389	69.9
17	WPP Group	475	168	67.6
18	Vodafone	223	25	64.2
19	Edinburgh Fund Managers	122	469	62.0
20	Henderson Administration Grp	122	362	61.4
21	Kalon Group	611	346	59.3
22	Medeva	433	231	58.5
23	Roxboro	541	458	57.2
24	Mirror Group	472	203	55.6
25	Reckitt & Colman	431	76	54.9

Least profitable companies

Rank	Company	Sector	Rank 1994	ROCE
1	Savoy Hotel	464	255	2.1
2	British Steel	633	41	2.8
3	McAlpine (Alfred)	613	455	2.9
4	ASW Holdings	633	474	3.4
5	Fisons	433	163	4.4
6	Royal Doulton	406	413	4.5
7	Capital Shopping Centres	161	182	4.8
8	Burton Group	491	161	4.8
9	Cames	611	323	5.0
10	Ashley (Laura) Holdings	495	390	5.0
11	Monument Oil and Gas	213	217	5.2
12	Bilton	161	331	5.5
13	Pentland Group	171	249	5.7
14	Wimpey (George)	613	208	5.9
15	Bulmer H.P. Holdings	424	336	6.0
16	Stakis	461	233	6.2
17	Ladbroke Group	461	90	6.3
18	Hammerson	161	154	6.6
19	Forte	464	82	6.6
20	Taylor Woodrow	613	209	6.8
21	Rolls-Royce	521	69	6.8
22	Enterprise Oil	213	84	6.8
23	Slough Estates	161	151	7.1
24	MEPC	161	89	7.2
25	Hardy Oil & Gas	213	410	7.2

Largest rises in rank

Chge	Rank 1994	Rank 1993	Company	Sector
138	286	424	Berisford International	451
119	282	401	Burford Holdings	161
99	294	393	Capital Radio	464
96	314	410	British Bio-tech	433
91	360	451	Yorkshire-Tyne Tees	474
88	387	475	Stanley Leisure	461
83	233	316	Stakis	461
74	193	267	Northern Ireland Electricity	221
74	278	352	Stagecoach Holdings	304
73	311	384	Macallan-Glenlivet	424
70	298	368	Babcock International Group	563
68	406	474	Dewhirst Group	412
68	275	343	Perpetual	122
64	371	435	Park Food Group	493
62	238	300	BTP	622
58	375	433	First Choice Holiday	406
58	383	441	Mowlem (John)	613
56	404	460	Trinity	401
55	253	308	Mersey Docks and Harbour Co	306
55	407	462	RJB Mining	632
55	435	490	Wetherspoon	421
50	231	281	Medeva	433
49	430	479	Matthews (Bernard)	451
49	350	399	Sheffield Insulation Group	611
44	73	117	GKN	571

Largest falls in rank

Chge	Rank 1994	Rank 1993	Company	Sector
-181	488	307	Micro Focus Group	482
-148	452	304	Asprey	495
-148	444	296	Geest	451
-135	493	358	Lloyd Thompson Group	142
-127	429	302	Amstrad	551
-121	422	301	Hambro Countrywide	161
-113	369	256	ACT Group	482
-112	378	266	Shanks & McEwan Group	563
-100	478	378	Raine	613
-96	402	306	Heath C.E.	142
-93	470	377	Sherwood Group	412
-87	468	381	Johnson Group Cleaners	406
-86	364	278	Anglian Group	611
-85	485	400	First National Finance	122
-84	405	321	Meggitt	563
-83	433	350	Photo-Me International	461
-75	403	328	London Forfaiting	121
-74	448	374	Sidlaw Group	213
-72	397	325	Hunting	581
-71	365	294	Laing (John)	613
-69	343	274	Norcros	592
-66	349	283	APV	563
-66	408	342	Clyde Petroleum	213
-64	492	428	Victaulic	566
-63	474	411	ASW Holdings	633

Market capitalisation by sector

Sector	Companies	£m
Commercial banks	9	59336.8
Oil - international, crude producer	9	49196.7
Drugs	13	45012.4
Electric & water utilities	28	43551.7
Beverages & tobacco	22	40213.1
Telephone companies	3	37433.6
Diversified holding companies	10	32838.6
Retail - grocery chains	12	25592.5
Retail - dept store gen merchandise	10	24936.6
Food processors	17	24276.1
Diversified industrial manu	14	20197.7
Transport - storage & warehousing	18	18353.4
Construction & Building materials	24	17464.0
Chemicals - diversified	13	15663.0
Mining & extractive industries	7	15361.0
Publishers inc newspapers	14	14742.2
Entertainment & leisure	11	13859.6
Insurance - life, agents & brokers	11	13497.7
Property	26	13249.9
Natural gas utilities	1	12943.8
Insurance - multiline & property	9	12689.2
Machinery (composite)	31	11421.9
Broadcasting media	5	10393.6
Electrical equipment	4	9908.9
Retail - speciality	15	9360.6
Financial services	17	6370.0
Financial institutions	10	5891.4
Electronics & instrumentation	19	5810.0
Auto parts, tyre & rubber	8	5598.6
Household durables & consumer goods	16	5483.2
Construction	14	5115.9
Health care & cosmetics	5	4645.0
Paper & paper products	6	4522.5
Aerospace - defence & manufact	4	4422.7
Fabricated metal prods & containers	5	4190.5
Chemicals	5	3971.6
Apparel & textile producers	12	3820.4
Restaurants & hotels	5	3466.7
Business servs & computer software	7	2539.3
Forestry products	1	2359.7
Homebuilding	8	2345.1
Oil - petroleum products	2	2151.7
Advertising	4	1463.4
Wholesale - nondurables	2	1409.5
Printing	6	1217.7
Heavy shipbuilding & engineering	3	901.9
Communications & office equipment	2	865.3
Investment companies	1	572.3
Automobiles	2	279.0

Sector profitability

Sector	Companies	ROCE
Business services & computer software	6	65.7
Broadcasting media	4	38.3
Advertising	3	38.0
Health care & cosmetics	4	36.8
Drugs	9	36.2
Automobiles	2	31.4
Financial institutions	10	28.4
Commercial banks	9	27.9
Forestry products	1	27.3
Household durables & consumer goods	14	27.1
Publishers inc newspapers	12	24.5
Financial services	14	22.7
Fabricated metal products & containers	5	21.4
Diversified industrial manufacturing	14	21.2
Electronics & instrumentation	18	21.0
Retail-speciality	14	20.9
Telephone companies	3	20.7
Food processors	13	20.4
Heavy shipbuilding & engineering	3	20.3
Communications & office equipment	1	20.2
Oil-petroleum products	2	19.9
Electrical equipment	4	19.8
Retail-dept store & general merchandise	10	19.6
Printing	6	19.4
Machinery (Composite)	28	18.7
Apparel & textile producers	11	17.8
Homebuilding	8	17.8
Electric & water utilities	28	17.6
Chemicals	5	16.9
Auto parts, tyre & rubber	6	16.6
Beverages & tobacco	21	15.3
Transport, storage & warehousing	17	15.1
Retail-grocery chains	11	15.0
Entertainment & leisure	11	15.0
Wholesale-nondurables	2	14.9
Construction & building materials	21	13.2
Chemicals-diversified	13	12.9
Paper & paper products	6	12.3
Diversified holding companies	10	10.1
Construction	11	9.8
Oil-internationals & crude producers	6	9.0
Investment companies	1	8.8
Aerospace -defence, aircraft manufacture	3	8.5
Property	24	8.3
Restaurants & hotels	5	8.1
Mining & extractive industries	7	7.6

Largest swings to profit

Rank	Company	Sector	Rank 1994	Chge £m
1	Barclays	112	13	906.0
2	Imperial Chemical Industries	622	24	758.0
3	Saatchi & Saatchi	475	259	614.3
4	Sun Alliance Group	151	56	351.3
5	General Accident	151	61	324.2
6	Costain Group	613	495	273.3
7	Rolls-Royce	521	69	260.0
8	British Steel	633	41	229.0
9	Mirror Group	472	203	220.6
10	Sears	492	103	186.1
11	Royal Insurance Holdings	151	88	170.0
12	Wimpey (George)	613	208	137.1
13	Taylor Woodrow	613	209	124.7
14	Amec	613	340	109.2
15	BET	171	143	101.8
16	Associated British Ports	303	139	98.7
17	Wates City of London Prop	161	467	75.0
18	Vickers	566	197	68.9
19	Stakis	461	233	57.9
20	Waco Group	471	380	44.2
21	Gartmore	122	261	26.8
22	HTV	474	451	23.8
23	Tilbury Douglas	613	366	22.9
24	Chelsfield	161	312	21.2
25	Burton Group	491	161	19.3

Largest swings to loss

Rank	Company	Sector	Rank 1994	Chge £m
1	British Gas	222	7	-1459.0
2	Trafalgar House	171	153	-336.0
3	Asda Group	493	86	-313.3
4	London International Group	431	281	-202.9
5	Dixons Group	495	181	-198.7
6	Lucas Industries	571	107	-179.2
7	Simon Engineering	561	415	-159.2
8	Dawson International	411	307	-127.6
9	Attwoods	408	269	-87.3
10	Bardon	611	333	-66.1
11	Babcock International Group	563	298	-62.3
12	Gestetner Holdings	534	265	-60.4
13	BBA Group	571	175	-60.2
14	Spring Ram Corporation	408	354	-57.5
15	Yorkshire-Tyne Tees	474	360	-24.5
16	Shanks & McEwan Group	563	378	-16.3
17	Thorntons	451	491	-14.0
18	Aegis Group	475	338	-7.2
19	Geest	451	444	-6.9
20	Marley	611	244	-5.7

SPAIN

Leading trio set for big changes

The state's orbit is to be reduced, writes Tom Burns

Only three Spanish companies are included in the top 100 companies of the FT500 and all three – the telecoms group Telefónica, ranked 43, the electrical utility Endesa at 56, and the energy conglomerate Repsol, at 69 – are government-controlled.

Their appearance in the rankings says at least two things about Spanish business. The big domestic corporations are relatively small and the larger ones fall within the state orbit.

It is likely that in the coming year, Telefónica will grow and state ownership at Endesa and Repsol will be reduced.

Telefónica, which is 32 per cent government-owned and has long been the traditional blue chip on the Spanish markets, is approaching an interesting period in its corporate life. Deregulation of the European Union's telecommunications sector has jolted the Spanish group into frenzied activity.

The government has waived a five-year transition phase for deregulating the domestic telecommunications business and has announced that Telefónica's monopoly as a national operator will end on January 1 1998, as laid down by the European Commission's fast-route timetable for liberalising the industry.

A second operator for a GSM network gained a licence at the end of last year. Parliamentary legislation, scheduled for this year, will allow the private sector company to operate a second cable television licence and a second basic telephony operator will be in place by 1998.

In the circumstances Telefónica has responded quickly to the challenge. An important organisational change, implemented at the end of 1994, was the company's division into eight specialised and separate units dealing with basic telephones, international communications, data transmission, mobile phones, public phones, international business, publicity and information and multimedia.

The shake-up has been designed to prevent units such as basic telephony, where the group continues to hold a monopoly, subsidising others such as data transmission, which have already been liberalised, and mobile telephones, where competition with a private operator is about to begin.

As a result, Telefónica, which is more than 20 per cent owned by foreign institutions, will be able to float parts of its business. For example, there will be nothing to stop a rapid privatisation of the group's yellow pages unit.

But the real push towards growth by Telefónica comes from the group's international partnerships and, in particular, from its investment drive in Latin America. In the past year Telefónica has linked up with Unisource, the joint venture that pools the Dutch, Swedish and Swiss telecom operators. In turn, Unisource has forged an alliance with AT&T of the US. Thus, in a short space of time the company's international profile has been enhanced.

Growth will come to Telefónica through developing new products such as GSM mobile telephony and cable television (in both departments government patronage is likely to ensure that the group holds the edge over its private sector rival) but expansion will principally be the fruit of the energetic penetration of emerging markets by Tisa, a division that has been acting independently.

Th group's international subsidiary is now the biggest foreign operator in Latin America and it is in the midst of wide-ranging negotiations with GTE of the US that seek to cement joint business arrangements by the two companies in underdeveloped telecommunications areas.

Tisa is wholly owned by Telefónica and by the *Patrimonio del Estado*, a public sector agency, and one of the more anxiously awaited decisions in Spain, as far as market operators are concerned, is the one that will allow Tisa's partial privatisation.

Privatisation is very much on the agenda this year for Repsol which was expected to tap the markets in a global offering at the end of 1994. but The disposal of state-owned equity was delayed partly because of stock exchange instability and partly because the government is seeking to finesse a "golden share" facility which will allow it an ultimate say in the company's strategy.

The plan is to reduce the state's 41 per cent holding in Repsol by half. But for the uncertainty over the timing of the global offer which has penalised the corporation's share price, Repsol could hardly look better.

The energy group lifted its pre-tax income by 16.6 per cent in the first nine months of last year due to a string of factors, the chief of which were an improved economic climate in Spain, a profitable turnaround in its chemical division and the increased contribution to the group's income by its gas division.

Last year Gas Natural, the domestic gas distributor which is 45 per cent owned by Repsol and is ranked 213 in the FT European 500, acquired Enagas, the big state-owned importer of natural gas. With the acquisition, Gas Natural became the third biggest gas company in Europe and, given the fast growth of the domestic gas market, one of the brightest jewels in the Repsol crown.

Market timing is not a lesson that is lost on Endesa, the electrical utility that is 65 per cent government-owned and which is also a candidate for further privatisation. Endesa had the bad luck to tap the markets last June when it placed 9 per cent of its equity in a global offering.

The market had turned distinctly bearish just days before Endesa priced its offer and the placement realised only Pta144bn ($1.05bn at the time) instead of the Pta200bn which had been expected last February when the disposal was planned.

Undeterred by the setback, Endesa went on to increase its stake in Sevillana de Electricidad, the southern Spain power generator, as part of a far-reaching reorganisation of the domestic electrical sector. When Endesa returns to the markets it will look better than it did last year thanks to the sector's readjustment. The state-controlled utility will have increased its distribution strength and improved a generating mix that, in the past, over-depended on coal.

■ **Companies by market capitalisation**

Rank	Company	$m	Rank 1994	Sector
1	Telefonica	12672.8	43	223
2	Endesa	10956.5	56	221
3	Repsol	9143.2	69	212
4	Banco de Santander	6103.3	104	112
5	Iberdrola	5789.0	109	221
6	Banco Bilbao Vizcaya	5675.3	116	112
7	Argentaria	4995.8	131	112
8	Banco Central Hispanoamericano	3695.8	176	112
9	Banco Exterior	3637.3	180	112
10	Banco Popular Espanol	3426.6	194	112
11	Gas Natural	3147.8	213	222
12	Centros Comerciales Pryca	2869.1	236	493
13	Compania Espanola de Pet.	2216.6	299	214
14	Continente	2089.9	309	491
15	Autopistas	1676.3	370	304
16	Fomento de Construcciones	1552.4	389	611
17	Bankinter	1474.8	407	112
18	Sevillana de Electricidad	1434.3	417	221
19	Union Electrica-Fenosa	1256.5	461	221
20	Banesto Group	1239.4	465	112
21	Fecsa	1192.0	481	221
22	Mapfre (Corp)	1169.1	498	151

TELECOMMUNICATIONS

European map is being redrawn slowly

January 1998 is the critical deadline, writes Alan Cane

The map of European telecommunications is being redrawn slowly but inexorably as pressures mount for privatisation and liberalisation.

Its contours are changing with the growing importance of cellular telephony, especially services involving the European GSM digital telephony standard. Digital telephony techniques support up to 10 simultaneous conversations on a channel suitable for only one analogue transmission.

January 1 1998 is the critical deadline. In 1993, Europe's telecommunications ministers agreed to liberalise basic voice telephony services by that date. Late last year, they agreed on an end to state monopolies in telecoms infrastructure by the same date. The move should essentially open the choice of network provider for companies offering telecoms services and give them the right to create their own infrastructure.

The aim is to promote competition, lower prices for consumers and ensure that Europe remains competitive in the fast-changing global telecoms environment.

Inevitably, however, the decision retains a European dimension. Ireland, Spain, Portugal and Greece are being allowed up to five further years to implement the move if they so choose.

Meanwhile, Telecom Italia, the Dutch telecoms and postal group KPN, and Tele Danmark make their first appearance in the Top 500, the Italian group at 25 the Dutch at 35 and the Danish at 184, as a consequence of the pressures for privatisation and competitiveness.

For the world's sixth largest network, Telecom Italia is a name new to the telecoms business. It appeared on the Milan bourse for the first time last August after the merger of five Italian operating companies: SIP, the former domestic operator, Italcable, Iritel, Telespazio and Sirm. It now provides all domestic and international network services in Italy and has essentially a monopoly.

The group is controlled by Stet, a holding company for Italy's telecoms service operation, installation and manufacturing interests, which has a 57.7 per cent stake in the new company. Since 1988 Stet has been stage-managing one of the most aggressive network modernisation programmes in Europe. Stet is itself controlled by Iri, Italy's state holding company. The public has a 35.5 per cent shareholding in Telecom Italia.

Investors are excited by the fact that SIP's mobile phone business, SIP Cellular, will be demerged in the middle of this year. It will face competition from Omnitel Pronto Italia, Italy's new digital mobile phone network.

KPN, the Netherlands' largest private sector company, takes its place in the FT 500 as a consequence of partial privatisation in June last year. Some 30 per cent of the company was floated on the Amsterdam stock exchange, raising Fl 6.9bn for the state and valuing the company at about Fl 22.9bn. It was the first European privatisation of a state monopoly to include a postal service.

Last month the Dutch government opened the bidding for a second licence to challenge KPN's monopoly in providing GSM mobile services. Five international consortia submitted bids; they are led by the country's three largest banks, Deutsche Telekom of Germany and Telecom Finland. A decision is expected by April 1.

Capitalised at $3.5bn, Tele Danmark is small compared to other listed companies in the sector. Formed from the merger of five regional telephone companies, the government stake fell last March from 89 to 51 per cent after an international offering. Tele Danmark operates two mobile phone systems, the Nordic Mobile Telephone Service with exclusive rights to Danish traffic and a GSM service where it has a 60 per cent market share in competition with a second licensed operator, Dansk Mobil Telefon.

Leading the European list is British Telecommunications, capitalised at $35.4bn which has slipped one place to number three this year, overtaken by Roche, the Swiss pharmaceuticals group which was in third place last year.

The UK company has been forced to cut prices as a consequence of the demands of its regulator, Oftel. It has also had to take substantial charges against job cuts in its pursuit of efficiency. The company warned at the interim stage that both factors would prevail across the entire year, triggering a slight fall in the share price.

BT retains its dominant position in the UK market, however, and has initiated a number of trail-blazing ventures on the international front. One of these, Concert, a joint venture between BT and its US partner MCI, is the market leader in managed network services for international customers.

Cable & Wireless, the UK-based telecoms company, slipped to 37 from 24 last year. It has traditionally profited from using funds from its profitable Hong Kong subsidiary to invest in start-up activities elsewhere. Last year it was adversely affected by less than sparkling first-half results at Mercury, its subsidiary, which pioneered competition in the UK against BT. Mercury has been forced to cut staff and services and may have to pay dearly for an unadventurous strategy during its protected years as part of the UK's "duopoly".

The third UK company in the Top 500 is Vodafone. It has risen from 74 to 66, driven by unprecedentedly strong demand for mobile phones. But it faces a number of problems. The business market is virtually saturated so growth will have to come from the less profitable residential sector; fraud and theft are starting to make inroads into profits; and prices which have been abnormally stable must begin a downward track.

Telefonica, the Spanish operator, moved up to 43 from 45. In the now deregulated Spanish telecommunications market it took the unprecedented step last month of dividing itself into eight specialised companies. The move gives the company, which is 32 per cent government-owned, the chance to float off other parts of the group.

■ **Companies by market capitalisation**

Rank	Company	$m	Rank 1994	Sector
1	BT	35488.3	3	223
2	Telecom Italia	15741.9	25	223
3	KPN	13895.9	35	223
4	Cable & Wireless	13702.3	37	223
5	Telefonica	12672.8	43	223
6	Vodafone	9409.3	66	223
7	Tele Danmark	3578.6	184	223

Continued from previous page

the quality of its professionals. Despite the largely flat performance there will be consolation in taking 24 of the audits for the FT Top 100 companies including names such as Barclays, SmithKline Beecham, Reuters and Forte.

But, while there is strength in the audit business, it is hardly the most vibrant growth sector for any of the big firms. Mr Brindle admits that there is vast overcapacity in the audit business owing to the expansion of the 1980s and the recession which followed.

What is more, in the rush to take on new clients in the 1980s, Mr Brindle believes crucial mistakes were made. "We lost some of the professional mystique of the audit profession. In the old days professional relationships were expected to last over a lifetime. There was a mutual respect between client and auditor.

"We got caught up in the general hysteria of what Mrs Thatcher had let loose. We lost something of our independence in the way in which the auditing profession bent over backwards to be nice to clients." Fees dropped fast as clients began to treat the auditor as a supplier, not a professional adviser, competitive tenders became common, and the market tougher.

Mr Brindle believes that a basic disequilibrium has hit the audit business. Income has dropped while the risks, evidenced by the growing amount of litigation, have increased. "The profession generally is not in great shape. It is not a wonderful business to be in. However, we are in it. And we have to make the best of it."

He believes there is now a "reversal" of views as some leading auditors extol the virtues of returning to the old values of auditor's judgment – of standing up to the clients – and of reforming audits to avoid the excesses of "creative accounting".

Mr Brindle's view is typically independent. "We are trying to get back to where we were – or where we thought we were. But there is a demand for a rule book whatever people say. Life has changed, there are lawyers, merchant banks, finance directors out there willing to push that book right to the very limit. You can try and salvage some of the old values but you can't use them in the way you did before."

Mr Brindle sees growth in the ever-expanding fields of consultancy and advisory services and in what has become known as BPT, Business Process Transformation, in which clients are shown how to remake their businesses. There is also government advisory work, although Mr Brindle notes: "High-level advisory work is more likely to be found in the private sector. The public sector is likely to [offer] larger contract volume-type business. Government tends to have high-level experts of its own."

Price Waterhouse's status as one of the Big Six is unchallenged within the UK, but its global position looks much weaker. It currently stands at sixth position worldwide with a fee income of $3.975bn – adrift of Deloitte Touche Tohmatsu at $5.2bn in fifth place and way behind top-placed Arthur Andersen at $6.738bn.

Mr Brindle seems unconcerned by PW's lack of size globally. He can point to a rise in European fee income of 1.8 per cent to £894m in the year to last June with a 2.3 per cent rise in combined worldwide revenue to $3.98bn (£2.51bn).

He sees the securing of growth from a solid base of multinational companies as an important strategy. Lack of size, and careful use of fewer resources, has, he thinks, produced a much "tighter" global organisation. He sees PW as a leader, together with Arthur Andersen, in setting up a formal corporate-style structure for the international firm, in contrast with the looser franchise operations adopted by other top accountancy firms.

"We are smaller than the others. We are six out of six. If we thought that size was important, there wouldn't be a lot of point in being six out of six. You are better defining your market services and the type of player you want to be," he says.

On diversification, Price Waterhouse is probably less likely than most to strike out in areas formerly the preserve of other financial professionals.

One of the central criticisms levelled at the big firms has been that they sell services to clients "on the back" of the audit contract and this is seen as a dubious practice which undermines the independence of the auditor. Mr Brindle disagrees.

"There can't be a problem unless the auditor is crooked. No one is forced to buy anything from us. There are far higher standards of morality in this profession than just about anywhere else.

"Are we saying that an auditor is going to sign an [inaccurate] opinion in order to sell some management services? I don't have clients like this." Mr Brindle admits

there is an advantage to selling to clients in that the costs of "cold calling" in order to get other business, such as consultancy, are removed.

Among important audit clients he says there is a mix of opinion on this issue. Some insist on a level playing field in which all contracts are open to tenders. "Others prefer to use PW when they can – because, [they say] we know you and you know us."

One principal change which will affect UK audit clients this year is the decision by KPMG Peat Marwick to incorporate its audit business. Will Mr Brindle follow suit? He says he has a working party looking at "whether and how". The other members of the "Big Six" are all preparing themselves for the changed market.

Mr Brindle's objections appear to be philosophical, rather than technical. "It's no more, after all, than a bunch of lawyers writing on pieces of paper. But the fact of incorporation may impact the psyche of people". The main worry appears to be the loss of the partnership ethos. In the meantime, PW is limiting its liability with clients by special contracts for services other than audit – which it cannot limit by law – a process in which it claims to be at the head of the field, although, Mr Brindle adds: "The others are catching up fast.".

A principal blow to PW's reputation was its audit of the collapsed Bank of Credit and Commerce International, for which it is being sued. While Mr Brindle admits that it has cast "a shadow over our reputation", he adds: "You take out BCCI and then look at our track record. It's nearly immaculate in the last 50 years."

He says that central to the policy of damage limitation has been straightforward honesty. "We have never shirked the press from the moment it blew up. We've been up front with the partners. The guiding principle throughout the whole saga has been to be honest."

Last year PW received a significant reprieve from the morale-sapping burden of the BCCI case. The accountancy profession's own Joint Disciplinary Scheme lost its attempt to investigate PW's conduct in the auditing of BCCI. It will have to wait until other court actions have run their course.

And for the turn of the millennium, what image would Mr Brindle want Price Waterhouse to carry forward? "I'd like us to be a stronger brand name, stronger even than now." He says he wants the firm to be known for the quality and independence of its business advice: just that.

Leading trio set for big changes

Tom Burns

Profile: PRICE WATERHOUSE

Strength lies in old-fashioned principles

The number two auditor to the top 100 UK companies sees considerable scope for growth in the Continent, says **Jim Kelly**

Price Waterhouse, which is the number two auditor behind Coopers & Lybrand to the top UK 100 companies in this year's list, was founded on Quaker values more than a century ago. And, as the 21st century looms, it retains an almost religious belief in the simple virtues of providing independent business advice.

The firm's senior partner, Ian Brindle, (pictured on next page) neatly combines the qualities he strives for in his business. He values the independent judgment and discretion of the professional. His assessment of the health of the firm is typically straightforward.

"In overall terms our business lagged behind our clients going into recession and similarly lags behind them coming out. On the assumption that the UK economy continues to recover we look forward to some overall growth in the current year."

And beyond? "The market place is becoming the world. The UK market place is saturated, although there is lots of scope for growth still in continental Europe."

There is no doubt the sector is coming out of recession - at last. KPMG Peat Marwick, a traditional competitor with PW, recorded a 5 per cent growth in fee income from £491.8m to £516.4m for the year to September 1994.

PW's latest results to June 1994 record a fee income of £384m in the UK, almost the same as the previous year's fees of £383.3m. Fees from audit and business advisory services rose 6 per cent to £146.1m – representing 38 per cent of the income for 1993-94.

The firm's strength in the audit field reflects, says Mr Brindle, its ability to compete at the top by concentrating on

Continued on next page

■ Auditors to the top 100 UK companies

Rank	Company
Coopers & Lybrand	
2	British Telecom
5	Glaxo
6	BAT Industries
9	Marks and Spencer
11	Smithkline Beecham*
12	RTZ
15	Unilever
28	Great Universal Stores
32	Abbey National
38	PowerGen
41	British Steel
42	Vendome
46	Royal Bank of Scotland
47	BOC
48	Kingfisher
49	Commercial Union
50	Pearson
54	Scottish Power
56	Sun Alliance
59	Rothmans plc
68	Inchcape
69	Rolls-Royce
70	Arjo Wiggins
73	GKN
78	Thames Water
85	Carlton Cmmnctns.
87	RMC*
88	Royal Insurance
93	Schroders
100	Tate & Lyle
Price Waterhouse	
7	British Gas
11	SmithKline Beecham*
13	Barclays
14	Guinness
20	Reuters
23	Lloyds
29	Prudential Corporation
34	Tesco
36	Reed International
51	Land Securities
58	Redland
71	Rentokil
72	Legal & General
74	Wolseley
75	North West Water
76	Reckitt & Colman
80	Severn Trent
82	Forte
83	Eastern Group
91	De La Rue
92	Courtaulds
96	TI Group
98	Anglian Water
99	Caradon
KPMG Peat Marwick	
4	HSBC Hldgs
16	Cable & Wireless
17	Grand Metropolitan
18	National Westminster
21	ZENECA Group
24	Imperial Chemical Industries
26	National Power
27	Allied Domecq
31	Boots
39	P & O
44	Rank Organisation
45	TSB
53	Granada Group
60	Standard Chartered
61	General Accident
65	Siebe
67	Associated British Foods
69	Rolls-Royce
84	Enterprise Oil
89	MEPC
94	British Aerospace
Ernst & Young	
1	Shell Transport
3	British Petroleum
8	Hanson
10	BTR
35	Bass
37	Thorn EMI
43	British Airways
55	Whitbread
57	Scottish & Newcastle
63	Bank of Scotland
64	Bowater
66	Lloyds Abbey Life
77	Blue Circle
86	ASDA Group
90	Ladbroke
95	Burmah Castrol
97	United Biscuits
Touche Ross & Co	
19	GEC
25	Vodafone Group
30	Wellcome
33	BAA
Arthur Andersen	
40	Cadbury Schweppes
52	Argyll Group
62	Tomkins
Pannell Kerr Forster	
81	Williams Hldgs
Binder Hamlyn†	
79	Southern Electric
Clark Whitehill	
22	Sainsbury (J)
Kidsons Impey	
87	RMC*

* *Joint auditor*; † Binder Hamlyn is now merged with Arthur Andersen

EASTERN EUROPE

Czech republic makes its mark

Anthony Robinson on the progress in creating normal private enterprise-based economies in the Visegrad-4 countries

The rising tide of economic recovery in Germany and other important markets for central European manufacturers and exporters is giving a welcome whiff of oxygen to enterprises throughout the region. The post-communist recession caused by the collapse of Comecon markets and the curtailment of military-orientated production is over. Turnover and profitability is rising and the need for new capital to finance investment is growing.

In 1995, the Czech republic, Poland, Slovakia, Slovenia are looking forward to 3-5 per cent growth in overall gross domestic product while Romania and Bulgaria, where reforms have been most delayed by political and other institutional problems, are also benefiting from a largely unregulated private sector growth. Hungary, saddled with a $27bn gross foreign debt, will have to sacrifice growth and raise exports.

Further east, the picture remains obscure with political uncertainty clouding prospects for the development of key enterprises in the potentially rewarding Russian oil and gas sector. Ukraine and Belarus, meanwhile, appear to be pulling back from the brink of economic collapse with IMF backing. In Ukraine a thriving, largely dollarised black economy demonstrates how primitive forms of private enterprise can function in even the most inhospitable official environment.

But it is in central Europe, among the so-called Visegrad-4 countries of the Czech republic, Hungary, Poland and Slovakia, plus Slovenia and Estonia, that the most rapid progress is being made in re-creating "normal", private enterprise-based economies and in rebuilding the banking, insurance, pension and other structures required to create the steady flows of institutional capital needed to finance modern mass-consumption economies.

The pace of economic "normalisation" is closely linked to the speed and thoroughness of the privatisation process. But increasingly the running is being made by private start-up companies, such as the Bonton entertainment group in the Czech republic or Fotex in Hungary, or through green field investments by multinationals and local entrepreneurs.

The Czech republic remains in the vanguard of mass privatisation. Once the second round of mass privatisation is completed within the next few weeks around 80 per cent of economic activity in the Czech republic will be in the hands of enterprises which are completely or partially privatised. The pace is more tortured in Poland and in Hungary, where a tug of war over the HungarHotel chain between the trade union-linked social security funds and would-be foreign strategic investors is a telling indication of how the swing of the political pendulum back to left-wing parties is dulling the edge of market-orientated reform strategies.

In Poland, the bulk of industrial output also remains in the hands of state-owned enterprises because of the slow pace of mass privatisation and the tortuous procedures of privatisation through liquidation and trade sales. The speed of privatisation has also been slowed by frequent changes of government and in-fighting between coalition partners which has politicised the process.

Against the odds, however, Poland has managed to create the most dynamic private start-up sector, a reflection of Polish trading skills and the willingness to reinvest profits from trade into industry and services. The transformation of several former state trading companies, such as Elektrim and Stalexport, into profitable and fast-growing financial and industrial conglomerates has revealed the entrepreneurial talents once locked up in many former state enterprises. Another example is the transformation of the loss-making, state-owned Szczecin shipyards into a profit-making, export-orientated enterprise prior to privatisation through a form of manager-worker buy-out last year.

Unsurprisingly, given the state-dominated past, the majority of enterprises which qualify or come close to qualifying for inclusion in the FT500 are former state-owned utility companies or banks which have been partially privatised. Only two of the top 20 eastern European companies by market capitalisation are start-up companies. Fotex, the Hungarian optical and retail specialist founded in the early 1980s, is 13th while BIG bank, the private Polish bank set up in the late 1980s, is 20th.

But all the formerly state-owned and partially privatised companies which are now among the top 20 in the region will become steadily more private over the years as they raise capital for expansion and modernisation.

The Czech electricity utility company CEZ, is a case in point. With a market capitalisation of $3.16bn it accounts for around 23 per cent of the total capitalisation of the Prague Stock exchange. It is easily the biggest company in former communist central Europe and twice the size of Komercni Banka whose $1.59bn capitalisation ensures that it is also included in the FT500.

A third of CEZ is now in the hands of investment funds, banks and individual investors. Some 29 per cent was sold off in the first round of privatisation in 1992 and a further 4 per cent was sold in the second round. This leaves 67 per cent of the company in the hands of the National Property Fund. But this indirect government stake will be reduced in stages to 51 per cent as the company turns to private investors and banks to fund its $4.5bn investment programme over the next five years.

The dominant position of a few former state-owned companies in the Czech republic is mirrored in Slovakia where the market capitalisation of Slovnaft, the monopoly oil refiner and petrochemical producer, is roughly 30 per cent of total market capitalisation. It is followed by VSZ, the eastern Slovak steel company, with nearly 11 per cent. Slovnaft is in the midst of a capital increase programme which will dilute the state shareholding which exceeds the 75 per cent cut-off point for the FT500.

Unfortunately for many quoted companies the spectacular stock exchange boom which swept central European bourses in the second half of 1993 peaked and collapsed in the second quarter of 1994, before more than a lucky handful of companies were able to benefit by raising fresh equity capital at the top of the market.

■ Top 20 Eastern European companies by market capitalisation*

Rank	Company	Ctry	Sector	$m
1	CEZ Ceske Energ. Zavody	Czk	Utilities	3166.1
2	Komercni Banka	Czk	Bank	1591.3
3	Ceska Sporitelna	Czk	Bank	798.1
4	Bank Slaski	Pol	Bank	713.0
5	Cokoladovny Praha	Czk	Food	456.9
6	Investicni a Postovni Banka	Czk	Bank	455.4
7	Wedel	Pol	Food	429.2
8	Elektrim	Pol	Retail	273.8
9	Nafta	Skl	Energy	260.5
10	Wielkopolski Bank	Pol	Bank	252.6
11	Sklo Union Teplice	Czk	Construction	243.9
12	Elektrarny Opatovice	Czk	Utilities	220.8
13	Fotex	Hun	Retail	210.0
14	Zivnostenska Banka	Czk	Bank	193.9
15	BK Rozwoju Eksportu	Pol	Bank	192.5
16	Egis	Hun	Health	185.9
17	VSZ	Skl	Steel	184.3
18	Zywiec	Pol	Beverages	173.0
19	Pick Szeged	Hun	Food	150.1
20	BIG - Bk Inic Gospod	Pol	Bank	132.7

* *Russian companies are not included due to lack of accurate information on share prices and shareholders*

هكذا منه الأصل

NORDIC COUNTRIES

Swedish exporters retain their edge

Hugh Carnegy looks at the corporate scene in Sweden, Denmark, Finland and Norway

Over the past 20 years, Sweden's economy as a whole has been losing competitive and productive bite, slipping down the league table of industrialised nations and culminating in the painful struggle the Social Democratic government is facing to curb a bloated public sector and find the elusive key to sustained growth.

But, as this year's FT500 shows, Sweden's regiment of big companies has largely survived the acute domestic recession of the early 1990s and the international slump to preserve its impressive record on the European – and the international – stage.

Sweden's representation in the FT500 has risen to 24 companies from 21 last year, with seven new entries or re-entries outweighing four departures, two of which were lost to takeovers (Nobel Industries bought by Akzo of the Netherlands) or break-up (Pharmacia emerging from the splitting of Procordia).

It is not far short of Switzerland, the perennial small-nation leader which has 28 companies in the 500 (both countries can claim another half company through the 34th placed Swiss-Swedish engineering giant Asea Brown Boveri).

With the domestic economy still struggling to emerge from a three-year recession, it is the exporters which have generated what growth there has been this year in the Swedish economy. This has been reflected in improved FT500 rankings for companies such as Electrolux, the home appliance maker, Atlas Copco and SKF, two stalwarts of Sweden's cyclical engineering sector, and the forestry groups Stora, AssiDomän and MoDo, the latter two newcomers this year.

A bellwether of market sentiment is the performance of Investor, the main investment vehicle of the Wallenberg industrial empire which includes many top Swedish names, including the unquoted Saab Scania, and which usually trades at a discount. Investor rose to 186 in the FT500 as it recovered from low profitability in 1993 (when return on capital was just 2.3 per cent).

Excluding the privatised AssiDomän, perhaps the most eye-catching Swedish performer was Hennes & Mauritz, the clothing retailer. It built on powerful profitability (nearly 50 per cent return on capital in 1993) to become a star of the Stockholm stock exchange.

But the overall Swedish performance is more steady than spectacular as the big gains on the Stockholm exchange of 1993 were not matched in 1994. Astra, the top Nordic company, nudged up to 29th; but Ericsson, the telecommunications group, slid out of the top 50, leaving Sweden far behind Switzerland's top 50 tally of six companies.

Volvo, Sweden's biggest manufacturer by sales, jumped to 83rd spot from 136, but there were special circumstances due to the discount that had attached to the shares during the 1993 row over the failed merger with Renault.

Sweden dominates the corporate scene in the Nordic countries – but its neighbours Denmark, Finland and Norway – all make significant contributions to the region's FT500 performance. Denmark, with 10 companies in the FT500, and Norway have both enjoyed economic growth of more than 4 per cent this year and have not been saddled with Sweden's yawning budget deficit.

Most of the 10 Danish companies nevertheless slipped in the rankings. Carlsberg, the brewer, fell to 245th place from 229. The top Danish performer was the A.P. Moller shipping group whose joint parent companies, D/S Svendborg and D/S af 1912, occupied 165th and 166th place respectively. If taken together, their combined market value would place them around 86th.

While Carlsberg and A.P. Moller fell back, however, the privatisation of Tele Danmark shot it into the FT500 for the first time in 184th spot. Berendsen (Sophus) also earns an honourable mention as top Nordic performer in the list of most profitable companies; it came 6th with a return on capital of 56.1 per cent.

Norway's Norsk Hydro confirmed its status as the country's top quoted company with a climb into the top 100, rising from 104th place to 80.

Finland, meanwhile, is rebounding from the biggest recession suffered by any industrialised country since the second world war more quickly than Sweden and without such heavy indebtedness; the Helsinki stock market, enjoying a bonanza of foreign buying, was Europe's top-performing bourse in 1994.

Its star turn was Nokia, which over the past three years has transformed itself from a sprawling conglomerate into a dynamic telecommunications company which is now the world's second biggest supplier of mobile telephones. Nokia came in at 301 last year and is now number 138.

But Nokia was not Finland's fastest riser. The Nordic region's biggest climber was Outokumpu, the mining group being partially privatised which was the third biggest climber in the FT500, moving up 211 places from 482 to 271. The 10th fastest riser was also Finnish – the forestry group Kymmene which surged to 301st.

■ Companies by market capitalisation

Rank	Company	Coun	$m	Rank 1994	Sector
1	Astra	Swe	14455.6	29	433
2	Ericsson LM	Swe	11524.4	52	533
3	Norsk Hydro	Nor	8394.5	80	214
4	Volvo	Swe	8040.8	83	401
5	Asea	Swe	6413.3	34	541
6	Nokia	Fin	4625.0	138	533
7	Pharmacia	Swe	4479.3	142	433
8	Sandvik	Swe	3979.2	162	562
9	A/S D/S Svendborg	Den	3924.9	165	303
10	D/S af 1912	Den	3919.0	166	303
11	Tele Danmark	Den	3578.6	184	223
12	Investor	Swe	3549.0	186	131

AUSTRIA and IRELAND

Companies stay out of the limelight

Ian Rodger and John Murray Brown discuss the six Austrian and five Irish companies in the FT500

Austria has one of Europe's most opaque economic structures. The country is among the richest in Europe, yet has no companies whose names are recognisable beyond its borders, except to specialised audiences.

Only six Austrian companies make the FT500, clear proof that the country's economic strength comes from the thousands of small and medium-size businesses, many of them highly sophisticated and specialised, that toil away from the limelight but with great success.

All but one of the Austrian six come from the very large public sector. This is only to be expected, as the only way Austrians could retake control of the commanding heights of their economy after the second world war was through public ownership. The occupying Russians would not countenance capitalists.

The largest, Bank Austria, is also a product of the rush to consolidate the country's bloated banking sector in the past few years. It was created through the takeover by Vienna's powerful Zentralsparkasse savings bank group of the foundering Länderbank in late 1991.

Creditanstalt-Bankverein, the venerable bank that financed the industrial revolution in the Austro-Hungarian empire, was thereby pushed into second place.

Both banks are still state-controlled, Bank Austria by the city of Vienna, Creditanstalt by the federal government, but full privatisation is in the air.

■ Companies by market capitalisation

Rank	Company	$m	Rank 1994	Sector
AUSTRIA				
1	Bank Austria	4958.0	133	112
2	Creditanstalt-Bankverein	2452.9	274	112
3	OeMV	2437.9	276	212
4	VA Technologie	1498.9	396	563
5	Wienerberger	1314.6	444	613
6	EVN	1216.0	476	221
IRELAND				
1	Smurfit, Jefferson	3132.8	215	652
2	Allied Irish Banks	2455.3	272	112
3	Bank of Ireland	1961.1	325	112
4	CRH	1927.5	332	611
5	Elan Corp	1141.6	498	433

OMV and VA Technologie both come from the old national industrial holding company OIAG. The partially privatised OMV, an integrated oil and chemical producer, took on the government of Abu Dhabi last year as an equity partner, and is aggressively expanding its petrol station network in central and eastern Europe.

VA Technologie, formerly the engineering side of the Linz based Voest-Alpine steel group, was hived off and floated successfully last spring. It is hoping that its new Corex technology for converting iron ore directly to steel will be as successful as its LD oxygen process for steel-making 40 years ago.

EVN, the partially privatised electricity, gas and steam heat utility serving Lower Austria, has led the movement in Austria towards greater transparency and shareholder friendliness. This, plus an imaginative management team, has won it many friends in the international investment community.

Wienerberger Baustoffindustrie is a true 1980s' entrepreneurial success story. Creditanstalt, which controls this building materials group, installed dynamic new management in the early 1980s and the group has grown rapidly through acquisitions to become the European leader in bricks and roof tiles.

A series of acquisitions has pushed Irish companies up the FT500 this year, with Jefferson Smurfit, the paper and packaging group, jumping from 318th to 215th.

Three of Ireland's five companies in the Top 500 saw their positions improve. However, Bank of Ireland slipped from 299th to 325th.

Smurfit bought Interlok Board Division, a UK company. Its principal move was the third quarter acquisition of Cellulose du Pin, the European paper giant, which pushed Smurfit shares to an all-time high. Smurfit has also bought a stake in Nettingsdorfer, the Austrian-based paper company.

CRH, the building materials group, Ireland's second company in the FT500 at 332, up from 341, has also been on the acquisitions trail, completing deals in the US and Argentina, its first venture into South America. CRH also acquired the Marlux Group in Belgium.

A noticeable Irish addition to the FT500 companies was Elan Corporation, coming in at 498. Elan manufactures pharmaceuticals, including the Dardizem family of products used for hypertension.

■ A-Z list of the European top 500

Company	Rank
A	
A/S D/S Svendborg	105
Aare-Tessin	423
ABB Asea Brown Boveri	34
Abbey National	94
ABN Amro Holding	50
Accor	237
Aegon	103
AGA	303
AGF	111
AGIV	439
Ahold	100
Akzo Nobel	81
Alcatel Alsthom	38
Alleanza	108
Allianz Holding	6
Allianz Lebensversicherungs	125
Allied Domecq	70
Allied Irish Banks	272
Almanij	404
Altana	380
Alusuisse-Lonza Holding	208
AMB Aachener & Muenchener Beteil	187
Anglian Water	265
Argentaria	131
Argos	399
Argyll Group	135
Arjo Wiggins Appleton	103
Asda Group	228
Asko Deutsche Kaufhaus	300
AssiDoman	282
Associated British Foods	185
Associated British Ports	388
Astra	29
Atlas Copco	290
Audiofina	302
Autopistas	370
AVA	475
Avesta Sheffield	452
Axa	65
B	
BAA	87
Baden-Wuerttembergische Bank	433
Badenwerk	233
Baer Holdings	500
Baloise Holding	288
Banca Commerciale Italiana	171
Bancaire (Compagnie)	296
Banco Ambrosiano Veneto	435
Banco Bilbao Vizcaya	116
Banco Central Hispanoamericano	178
Banco Comercial Portugues	395
Banco de Santander	104
Banco Exterior	180
Banco Popular Espanol	194
Banesto Group	485
Bank Austria	133
Bank of Ireland	325
Bank of Scotland	172
Bankgesellschaft Berlin	110
Bankinter	407
Banque Bruxelles Lambert	279
Banque Nationale de Paris	78
Barclays	28
BASF	51
Bass	98
BAT Industries	13
Bayer	26
Bayerische Hypo. & Wechsel Bk	116
Bayerische Motoren Werke	72
Bayerische Vereinsbank	117
BBA Group	487
Beiersdorf	248
Bekaert	371
Berendsen (Sophus)	316
Bergesen d.y. Group	470
Berliner Kraft und Licht	311
BET	400
BHF Bank	318
BIC	360
BICC	330
Bilfinger & Berger	322
Blue Circle Industries	209
BOC Group	126
BolsWessanen	379
Bon Marche	377
Booker	430
Boots Company	77
Bouygues	298
Bowater Industries	177
BPB Industries	284
Britannic Assurance	405
British Aerospace	262
British Airways	121
British Gas	10
British Land	340
British Petroleum	5
British Steel	119
BT	3
BTR	21
Bunzl	406
Burmah Castrol	265
Burton Group	450
C	
C.G.I.P.	455
Cable & Wireless	37
Cadbury Schweppes	107
Canal +	200
Cap Gemini Sogeti	342
Caradon Group	207
Carlsberg	245
Carlton Communications	226
CarnaudMetalbox	201
Carrefour	59
Casino	341
Castorama Dubois	338
Centros Comerciales Pryca	238
Cetelem	254
CEZ	210
Chargeurs	382
Christian Dior	168
Chubb Security	441
Ciba	24
Cimenteries CBR	303
Coats Viyella	302
Cobepa	421
Codan Group	463
Commercial Union	128
Commerzbank	93
Compania Espanola de Pet.	299
Compass Group	483
Comptoirs Modernes	445
Continental	416
Continente	309
Cookson Group	306
Courtaulds	247
Credit Comm de France	291
Credit Foncier de France	349
Credit Local de France	280
Creditanstalt-Bankverein	274
Credito Italiano	308
Credito Romagnolo	353
CRH	332
CS Holding	38
D	
D/S af 1912	166
Daily Mail and General Trust	393
Daimler-Benz	10
Dalgety	387
Danisco	361
Danone	64
De La Rue	244
Degussa	259
Delhaize	320
Den Danske Bank	240
Den norske Bank	397
Deutsche Bank	14
Deutsche Lufthansa	156
Deutsche Pfandbrief-und HypoBank	413
Deutsche SB-Kauf	351
Docks de France	368
Dresdner Bank	64
DSM	220
E	
East Midlands Electricity	270
Eastern Group	224
Ecco	480
Elan Corp	498
Electrabel	71
Electrafina	263
Electrocomponents	406
Electrolux	180
Electrowatt	305
Elf Aquitaine	17
Emap	489
Ems-Chemie	375
Endesa	68
English China Clays	366
Enso-Gutzeit	328
Enterprise Oil	225
Ericsson LM	62
[illegible]	174
Euro Disney	490
Eurotunnel Group	179
EVN	476
Exor	333
F	
Fecsa	481
Ferruzzi Finanziaria	401
Fiat	33
Finmeccanica	306
Fisons	450
FKI	402
Fomento de Construcciones	369
Fondiaria	352
Forte	221
Fortis	113
Fromageries Bel	422
G	
GAN	295
Gas Natural	213
Gehe	320
Gemina	424
General Accident	169
General Electric Company	45
Generale de Banque	178
Generale des Eaux	61
Generali (Assicurazioni)	15
GIB Group	420
GKN	199
Glaxo Holdings	9
Granada Group	139
Grand Metropolitan	30
Great Universal Stores	73
Greenalls Group	440
Groupe Bruxelles Lambert	234
Guardian Royal Exchange	269
Guinness	30
H	
Hafslund Nycomed	378
Hagemeyer	493
Hammerson	428
Hanson	19
Hapag Lloyd	387
Harrisons & Crosfield	344
Havas	167
Hays	348
Heidelberger Zement	235
Heineken	118
Hennes & Mauritz	356
Hepworth	497
HEW	454
Hillsdown Holdings	338
Hochtief	147
Hoechst	44
Holderbank Management	151
Holzmann (Philipp)	337
Hoogovens	431
HSBC Holdings	8
I	
Iberdrola	109
IFIL	416
IKB Deutsche Industriebank	390
Imetal	405
IMI	403
Imperial Chemical Industries	65
INA	105
Incentive	313
Inchcape	189
Internationale Nederlanden Group	60
Investor	188
Isar Amperwerke	229
Istituto Mobiliare Italiano	154
Italcementi	479
Italgas	381
J	
Johnson Matthey	373
K	
Karstadt	203
Kaufhof	281
Kingfisher	127
KLM	260
KNP BT	223
Komercni Banka	364
KPN	35
Kredietbank	239
Krupp, Fried AG H K	268
Kvaerner	345
Kwik Save Group	438
Kymmene	301
L	
L'Air Liquide	70
L'Oreal	47
Ladbroke Group	243
Lafarge Coppee	102
Lagardere Groupe	317
Lahmeyer	477
Land Securities	132
Landis & Gyr	402
Lapeyre	497
Laporte	304
Lasmo	340
Legal & General Group	100
Legrand	240
Linde	168
Lloyds Abbey Life	183
Lloyds Bank	55
London Electricity	208
Lonrho	305
Lucas Industries	205
LVMH	31
Lyonnaise des Eaux-Dumez	120
M	
MAI	406
Man	242
Mannesmann	68
Manweb	408
Mapfre (Corp)	408
Marks and Spencer	20
Mediobanca	180
MEPC	238
Mercury Asset Management	357
Merkur Holding	409
Metallgesellschaft	442
Metsa-Serla	449
MFI Furniture Group	484
Michelin	146
Midlands Electricity	275
Minorco	112
Mo och Domsjo	391
Mondadori	400
Montedison	143
Morrison (Wm) Supermarkets	402
Muenchener Rueckversicherungs	32
N	
National Power	87
National Westminster Bank	42
Navigation Mixte	257
Nestle	4
Next	434
NFC	324
Nokia	138
Norsk Hydro	80
North West Water	205
Northern Electric	411
Northern Foods	355
NORWEB	310
Novo Nordisk	227
O	
OeMV	276
Oerlikon-Buehrle	484
Olivetti	369
Orkla	432
Outokumpu	271
P	
P & O Steam Navigation	106
Pargesa Holding	358
Paribas	97
Parmalat	447
Pearson	130
Pechiney International	282
Pernod Ricard	204
Petrofina	96
Peugeot	91
Pharmacia	142
Philips	60
Pilkington	289
Pinault-Printemps-Redoute	173
Pirelli Internationale	448
Pirelli Spa	297
Poliet	321
Polygram	88
Powerfin	307
Powergen	104
Preussag	149
Promodes	202
Prudential Corporation	74
R	
Rank Organisation	122
RAS	240
Rautaruukki	450
Reckitt & Colman	207
Redland	161
Reed Elsevier	41
Remy Cointreau	473
Rentokil Group	197
Repola	214
Repsol	69
Reuters Holdings	48
Rheinelektra	260
Rhone Poulenc	61
Richemont (Compagnie Financiere)	134
RMC Group	231
Roche Holding	2
Rodamco	140
Rolls Royce	101
Rothmans International	163
Roussel Uclaf	212
Royal Bank of Scotland Group	124
Royal Dutch/Shell	1
Royal Insurance Holdings	232
Royale Belge	203
RTZ Corporation	27
Rugby Group	468
RWE	62
S	
Safra Republic Holdings	410
Saga Petroleum	425
Sagem	443
SAI	358
Sainsbury J	53
Saint-Gobain	63
Saint-Louis Group	331
Salvesen (Christian)	482
San Paolo di Torino	146
Sandoz	18
Sandvik	162
Sanofi	155
SAP	192
Schering	153
Schindler	364
Schneider SA	144
Schroders	250
Scottish & Newcastle	180
Scottish Hydro-Electric	318
Scottish Power	141
Sears	273
SEB	398
Securicor Group	467
Security Services	448
Sedgwick Group	409
Seeboard	376
Sefimeg	491
Severn Trent	218
Sevillana de Electricidad	417
SIDEL	485
Siebe	182
Siemens	12
Simco	494
Sirti	374
Skandia Forsakring	359
Skandinaviska Enskilda Banken	208
Skanska	291
SKF	327
Slough Estates	418
SMH	189
Smith & Nephew	277
Smith (David S) Holdings	483
Smith (W.H.) Group	334
SmithKline Beecham	22
Smiths Industries	323
Smurfit, Jefferson	215
Societe Gen. de Surveillance	255
Societe Generale	79
Societe Generale de Belgique	137
Solvay	175
South Wales Electricity	472
South Western Electricity	419
Southern Electric	217
Southern Water	394
Springer (Axel)	436
SSAB	437
Standard Chartered	181
STET	49
Stora	185
Storehouse	460
Suedzucker	350
Suez (Compagnie Financiere de)	67
Sulzer	234
Sun Alliance Group	157
Svenska Cellulosa	210
Svenska Handelsbanken	241
Swiss Bank Corporation	57
Swiss Reinsurance Group	93
Swissair	409
Sydkraft	284
Synthelabo	370
T	
T A N	351
Tarmac	341
Tate & Lyle	209
Tele Danmark	181
Telecom Italia	75
Telefonica	43
Tesco	66
TF1	314
Thames Water	211
Thomson CSF	222
Thorn EMI	100
Thuega	319
Thyssen	114
TI Group	203
Tomkins	170
Toro (Assicurazioni)	491
Total	40
Tractebel	158
Trafalgar House	426
Transatlantic Holdings	393
Trelleborg	427
TSB Group	123
U	
U.A.P.	89
UAF	458
Unidanmark	347
Unigate	474
Unilever plc/NV	7
Union Bank of Switzerland	11
Union Electrica-Fenosa	461
Union Miniere	312
United Biscuits (Holdings)	264
United Newspapers	335
V	
V.N.U.	316
VA Technologie	396
Valeo	181
Veba	23
Vendome	120
VEW	230
Viag	85
Victoria Holding	278
Vodafone	86
Volksfuersorge	478
Volkswagen	90
Volvo	83
W	
Warburg S.G. Group	202
Wellcome	76
Welsh Water	412
Wessex Water	414
Whitbread	145
Wienerberger Baustoffindustrie	444
Williams Holdings	219
Winterthur Versicherung	152
Wolseley	201
Wolters Kluwer	139
Worms et Cie	392
WPP Group	471
Wuerttembergische AG Versich	420
Y	
Yorkshire Electricity	287
Yorkshire Water	372
Z	
Zeneca	46
Zurich Insurance	82

THE UK 500

376-500

Ranking 1994	1993	company	Market Capital £m	Sector	Turnover Rank	Turnover This year £m	Turnover Last year £m	per cent change	Profit This year £m	Profit Last year £m	per cent change	ROCE	employees	Year ending
376	354	Property Security Invest. Tst	183.9	161		N/R	N/R		11.7	8.7	35.4	7.8	44	31/03/94
377	0	Midland Independent Newspapers	182.0	472	372	78.6	68.6	19.6	0.8	4.7	-83.4	29.3	1495	• 31/12/93 ♣
378	266	Shanks & McEwan Group	181.4	563	344	119.5	131.0	-8.8	-8.1	10.2	0.0	0.0	1318	26/03/94 ♣
379	370	Westminster Health Care	180.8	434	391	50.4	36.9	36.4	11.2	4.3	162.7	12.1	4998	31/05/94
380	420	Wace Group	180.4	471	230	336.9	321.0	4.8	16.9	-28.4	0.0	15.8	4821	31/12/93 ♣
381	379	Courts	179.2	412	252	258.8	220.3	17.3	22.1	14.2	58.0	14.7	3871 -	31/03/94
382	0	Inspec Group	179.0	622	392	49.0	42.2	16.2	5.6	3.7	51.1	29.3	171	• 31/12/93
383	441	Mowlem (John)	178.1	613	100	1342.0	1237.0	8.5	-38.9	-124.2	0.0	0.0	13844 -	31/12/93 ♣
384	385	Bodycote International	178.0	591	374	76.0	80.3	-5.6	11.8	13.6	-13.2	15.8	1649	31/12/93 ♣
385	419	Serco	177.5	552	294	187.0	149.6	24.9	9.4	7.2	30.7	38.2	5838	31/12/93
386	394	Carpetright	176.6	412	352	110.4	78.6	40.4	14.0	7.8	79.4	107.1	935	30/04/94 ♣
387	475	Stanley Leisure	176.0	461	250	266.2	218.5	21.4	12.4	8.1	53.4	12.0	3480	01/05/94
388	363	EIS Group	175.3	566	257	253.2	201.6	25.6	16.2	15.1	7.3	14.2	4714	31/12/93
389	330	Taunton Cider	175.1	424	337	125.3	124.9	0.4	20.3	17.6	15.4	69.9	555	30/04/94
390	341	Ashley (Laura) Holdings	173.8	495	238	300.4	247.8	21.2	3.0	1.8	69.5	5.0	4697	29/01/94
391	0	Plantsbrook Group	173.1	406	387	52.0	49.8	4.5	12.0	9.0	32.8	39.8	1255	31/12/93
392	0	London Clubs	172.8	461	319	146.4	143.7	1.9	14.0	9.1	54.1	29.9	1755	• 27/03/94 ♣
393	403	Allied Textile Companies	172.6	412	335	127.4	129.1	-1.3	13.7	12.7	7.7	17.3	2306	30/09/93
394	0	Scotia	172.2	433	408	15.2	6.1	148.7	-6.4	-1.8	0.0	0.0	180	• 31/12/93 ♣
395	0	Pillar Property Investments	170.9	161		N/R	N/R		0.8	-1.6	0.0	18.9	6	• 31/03/94
396	409	Cater Allen Holdings	170.6	121		N/R	N/R		17.2	18.9	-9.1 <	20.7	355 -	30/04/94 ♣
397	326	Hunting	170.2	561	122	1059.4	809.8	30.8	31.7	29.2	8.6	15.4	14538	31/12/93 ♣
398	389	Molins	168.3	566	283	203.5	181.0	12.4	20.4	18.3	11.6	23.3	2735	31/12/93 ♣
399	0	Frost Group	167.5	495	299	177.2	124.0	42.8	7.7	5.8	33.0	27.2	52	31/12/93
400	355	JIB Group	167.4	142		N/R	N/R		21.8	18.2	20.0	0.0	3813	31/12/93 ♣
401	427	Marshalls	167.3	611	291	191.5	169.5	13.0	20.4	12.4	64.5	16.8	2517	31/03/94 ♣
402	306	Heath C.E.	167.0	142		N/R	N/R		3.8	1.5	159.0	0.0	3315	31/03/94 ♣
403	328	London Forfaiting	166.9	121		N/R	N/R		21.5	18.1	19.0	17.7	87	31/12/93 ♣
404	460	Trinity	166.1	401	328	136.0	109.9	23.8	10.6	7.1	49.8	48.6	1271	31/01/94
405	321	Meggitt	164.6	563	221	359.7	327.8	9.8	23.3	21.2	9.9	19.3	6529 -	31/12/93 ♣
406	474	Dewhirst Group	164.6	412	280	214.1	181.6	17.9	9.6	6.5	48.5	22.6	7088	14/01/94
407	462	RJB Mining	163.3	632	375	74.8	73.9	1.2	12.2	11.0	10.2	28.9	840	31/12/93
408	342	Clyde Petroleum	163.3	213	371	81.6	83.3	-2.0	-28.8	-41.1	0.0	0.0	145	31/12/93 ♣
409	418	Claremont Garments (Holdings)	161.6	412	345	114.4	81.5	40.4	11.6	8.5	36.0	37.5	3824	25/12/93 ♣
410	357	Hardy Oil & Gas	161.3	213	383	60.6	50.7	19.6	5.2	3.3	58.4	7.2	1055	31/03/94
411	397	Singer & Friedlander Group	159.2	121		N/R	N/R		34.4	6.0	469.2 a	21.6	266	31/12/93 ♣
412	449	Watson & Philip	158.9	493	179	573.9	492.0	16.6	12.5	10.3	21.2	28.3	5028	• 29/10/93 ♣
413	0	Royal Doulton	158.4	406	277	222.0	201.0	10.4	3.0	3.9	-22.0	4.5	7166	• 31/12/93
414	0	Badgerline Group	158.2	304	331	131.7	127.0	3.7	-0.9	3.3	0.0	0.0	6113	• 31/12/93 ♣
415	0	Simon Engineering	158.0	561	209	386.1	487.6	-20.8	-160.3	-1.0	0.0	0.0	5585 -	31/12/93
416	437	Brammer	157.5	591	324	140.8	122.6	14.8	8.3	8.2	0.8	19.0	1236	31/12/93 ♣
417	391	Hogg Robinson	157.1	306	312	153.8	172.7	-10.9	21.6	13.3	61.4	36.5	2782	31/03/94
418	417	Oxford Instruments Group	154.8	552	350	112.0	101.1	10.8	12.8	10.6	20.5	20.0	1392	27/03/94 ♣
419	416	Avon Rubber	154.5	574	249	265.7	232.2	14.4	11.0	9.4	17.7	15.6	5238	02/10/93
420	300	Readicut International	154.5	412	265	238.3	234.8	1.5	20.9	19.2	8.7	25.2	3725	31/03/94
421	398	Carclo Engineering	153.2	566	314	152.6	84.4	80.7	12.9	8.8	47.7	23.6	2613	31/03/94 ♣
422	301	Hambro Countrywide	151.4	161		N/R	N/R		15.8	-1.6	0.0	15.8	3615	31/12/93
423	300	Cattle's Holdings	151.0	122		N/R	N/R		15.8	13.7	15.8	14.9	1663 -	31/12/93 ♣
424	371	Field Group	150.8	652	310	154.6	138.7	11.4	13.7	8.7	56.6	16.5	2114	• 03/04/94 ♣
425	370	City Centre Restaurants	150.8	464	359	95.2	89.6	6.2	12.6	11.3	11.8	23.9	3589	31/12/93
426	430	Black (Peter) Holdings	150.5	406	339	124.8	114.9	8.6	12.4	9.1	36.7	31.5	2460	04/06/94 ♣
427	0	Greycoat Group	150.0	161		N/R	N/R		-40.0	-167.0	0.0	0.0	34	31/03/94
428	408	Evans of Leeds	149.8	161		N/R	N/R		9.7	8.8	10.7	9.9	56 -	31/03/94 ♣
429	302	Amstrad	149.7	551	264	238.9	308.5	-22.5	-19.9	-20.5	0.0	0.0	787	30/06/94
430	470	Matthews (Bernard)	148.9	451	289	194.8	144.2	35.1	11.3	3.3	237.4	19.4	3654	02/01/94
431	0	Argent Group	146.6	161		N/R	N/R		-3.9	-3.8	0.0	0.0	18	• 31/12/93
432	407	Rotork	146.5	552	378	70.8	57.1	23.8	12.9	10.5	22.9	39.5	679	31/12/93 ♣
433	350	Photo-Me International	146.4	461	307	160.1	160.6	-0.3	13.9	16.2	-14.2	18.2	2427	• 30/04/94 ♣
434	0	Celltech	146.4	433	410	14.2	12.3	15.1	-8.9	-7.5	0.0	0.0	355	• 30/09/93 ♣
435	490	Wetherspoon	146.1	421	402	46.6	30.8	51.3	6.5	4.2	55.3	12.9	1101 -	31/07/94
436	425	Control Techniques	145.6	552	354	105.3	88.0	19.6	9.1	6.2	47.0	24.7	1319	30/09/93
437	0	Matthew Clark	143.6	422	301	173.7	58.1		10.3	5.3	0.0	50.9	897	30/04/94 ♣
438	413	Mansfield Brewery	143.0	421	342	121.1	117.7	2.8	14.4	12.5	14.4	9.4	3569	02/04/94
439	405	Forth Ports	141.9	306	399	33.1	32.4	2.1	9.6	10.9	-11.8	16.9	551	31/12/93
440	387	Mucklow (A. & J.) Group	141.6	161		N/R	N/R		10.1	9.7	4.4	8.3	29	30/06/94
441	452	Premier Consolidated Oilfields	140.6	213	393	45.9	56.0	-18.0	13.3	16.8	-20.7	9.0	153	31/12/93 ♣
442	422	Renishaw	140.5	561	390	50.9	48.0	6.0	8.2	7.1	15.1	14.9	750	30/06/94 ♣
443	404	Adwest Group	139.6	561	316	147.9	137.4	7.7	11.4	9.4	21.2	15.3	2438	30/06/94 ♣
444	298	Goest	139.4	451	165	636.0	658.9	-3.5	-3.8	3.1	0.0	0.0	8056 -	01/01/94
445	443	BSS Group	139.3	566	253	258.1	243.7	5.9	9.9	6.5	50.7	14.3	1844	31/03/94 ♣
446	0	Crockfords	138.9	461	388	51.3	131.4	-60.9	23.2	38.0	-38.9	51.3	264	31/12/93 ♣
447	444	Domino Printing Sciences	138.8	471	370	81.6	71.6	13.9	9.1	11.9	-24.1	17.6	899	31/10/93 ♣
448	374	Sidlaw Group	137.8	213	302	172.9	92.5	86.9	11.1	10.5	5.1	23.7	1980	30/09/93 ♣
449	431	Kenwood Appliances	136.1	402	343	120.4	101.6	18.5	11.0	9.6	14.5	27.1	1818	• 31/03/94 ♣
450	0	Henlys	135.5	671	213	372.2	331.1	12.4	7.3	-2.1	0.0	15.3	2559	31/12/93 ♣
451	0	HTV	135.5	474	336	126.2	143.1	-11.8	3.3	-20.5	0.0	11.2	644	31/12/93 ♣
452	304	Asprey	135.4	495	283	187.6	144.7	29.6	25.4	21.6	17.7	15.9	1258	31/03/94
453	406	Leigh Interests	135.3	406	347	113.2	109.2	3.6	9.9	9.5	4.2	11.4	1613	31/03/94 ♣
454	405	British Polythene Industries	135.2	672	261	212.4	177.2	19.9	15.4	12.1	27.6	21.2	2514	31/12/93 ♣
455	439	McAlpine (Alfred)	134.8	613	171	620.7	560.7	10.7	1.2	3.4	-65.4	2.9	4898 -	31/10/93 ♣
456	446	Brown (David) Group	134.6	561	366	86.5	81.0	6.8	10.8	9.3	16.4	74.6	1534	04/02/94
457	412	Cape	133.5	611	273	230.0	245.2	-6.2	12.7	11.9	6.7	15.9	4527	31/03/94 ♣
458	0	Roxboro	132.0	541	395	41.8	35.7	16.9	6.4	3.9	66.0	57.2	721	• 31/12/93 ♣
459	450	Menvier-Swain	130.0	652	379	70.3	56.8	23.8	9.4	7.6	22.8	39.1	1245	30/04/94 ♣
460	0	Ashtead Group	129.3	613	394	43.8	33.9	29.2	7.0	2.8	154.3	22.3	853	30/04/94 ♣
461	499	Sage Group	128.1	482	396	41.3	27.3	51.4	9.7	8.9	9.1	119.3	556	30/09/93 ♣
462	0	Jupiter Tyndall	127.9	122		N/R	N/R		9.4	5.7	64.7	0.0	158	31/12/93
463	455	Blick	127.6	552	400	32.8	30.9	6.4	9.4	8.6	9.7	50.1	617	30/09/93 ♣
464	493	Guinness Peat Group	127.4	122		N/R	N/R		7.8	-27.4	0.0	19.3	4	31/12/92
465	485	National Express	127.2	304	326	139.0	120.6	15.3	9.3	6.8	36.5 +	15.8	1237	31/12/93 ♣
466	436	Manders	127.1	621	348	112.3	110.3	1.8	10.3	7.1	45.1	14.0	1222 -	31/12/93
467	447	Wates City of London Prop	127.0	161		N/R	N/R		0.1	-74.9	0.0	7.8	29	31/12/93 ♣
468	381	Johnson Group Cleaners	125.8	406	306	165.2	150.8	9.5	18.2	15.1	20.5	23.5	8304 -	31/12/93
469	0	Edinburgh Fund Managers	125.0	122		N/R	N/R		9.8	4.7	105.8	62.0	133	31/01/94 ♣
470	377	Sherwood Group	124.4	412	313	152.6	143.5	6.4	18.5	16.9	9.0	25.8	3385	31/12/93
471	483	Bemrose Corporation	124.3	471	365	90.0	49.7	81.1	10.8	6.3	72.7	47.0	1658	01/01/94 ♣
472	423	Dawsongroup	123.7	304	386	53.3	46.7	14.2	7.9	4.7	66.8	22.5	354	31/12/93 ♣
473	453	Time Products	123.5	495	382	67.1	49.6	35.1	11.4	9.3	23.0	18.7	778	31/01/94 ♣
474	411	ASW Holdings	123.3	633	198	428.5	367.8	16.5	0.1	-10.8	0.0	3.4	2732	31/12/93
475	0	Birkby	122.9	161	409	14.7	11.7	25.4	2.7	1.1	143.8	24.5	143	31/03/94
476	426	Town Centre Securities	122.5	161		N/R	N/R		8.0	7.2	10.9	8.0	139	30/06/93
477	0	Greggs	122.4	493	351	110.4	101.0	9.3	9.0	7.0	29.5	31.7	6008	01/01/94 ♣
478	378	Raine	122.1	613	195	456.5	446.2	2.3	13.1	10.8	21.6	8.7	3534	30/06/94 ♣
479	434	Hodder Headline	122.1	472	389	51.1	15.7		2.6	2.1	0.0 +	7.3	491	• 31/12/93 ♣
480	0	Evans Halshaw	122.0	406	202	404.7	341.5		7.8	1.7	0.0	20.9	1910	31/12/93
481	473	South Staffordshire Water	121.4	221	384	56.3	51.7	9.0	12.0	10.3	16.6	28.6	704	31/03/94 ♣
482	471	More O'Ferrall	119.9	475	361	67.6	63.4	6.5	7.8	0.2	0.0	21.7	588 -	31/12/93
483	429	Huntleigh Technology	118.8	566	398	35.5	28.4	25.0	6.9	5.5	23.8	46.9	611	31/12/93 ♣
484	0	Renold	118.2	563	334	130.0	125.1	3.9	6.0	1.2	400.0	9.7	2610	02/04/94 ♣
485	400	First National Finance	118.2	122		N/R	N/R		-22.8	-57.0	0.0	0.0	1041 -	31/10/93
486	484	T & S Stores	117.2	493	224	352.1	345.3	1.9	12.6	12.5	0.3	38.5	3581	01/01/94
487	496	Trade Indemnity Group	117.0	122		N/R	N/R		5.8	-4.9	0.0	0.0	413	• 31/12/93 ♣
488	307	Micro Focus Group	116.9	482	368	83.8	68.9	21.7	21.8	22.8	-4.5	42.1	667	31/01/94 ♣
489	0	MacDonald Martin Distilleries	116.8	422	403	29.5	24.2	22.1	5.0	4.3	14.4	10.8	211	31/03/94
490	482	Halstead (James) Group	116.7	412	380	69.1	59.4	16.4	9.9	8.7	13.7	28.9	775	30/06/94
491	476	Thorntons	115.7	451	364	92.5	84.3	9.7	-4.8	9.2	0.0	0.0	2775	26/06/93
492	428	Victaulic	115.0	566	357	101.4	101.2	0.2	11.8	13.5	-12.6	26.0	1348	31/12/93 ♣
493	358	Lloyd Thompson Group	114.7	142		N/R	N/R		17.4	14.4	21.2	0.0	347	30/06/93 ♣
494	477	David Lloyd	114.0	461	406	19.3	15.6	23.9	5.7	3.0	88.7	21.3	586	30/09/93 ♣
495	0	Costain Group	113.9	613	116	1143.1	1272.9	-10.2	68.7	-204.8	0.0	18.7	11593	31/12/93 ♣
496	0	Holt (Joseph)	113.7	421	404	28.0	25.7	8.9	8.0	7.0	13.7	17.2	1612	31/12/93
497	454	Domestic & General	113.2	151		N/R	N/R		7.7	6.2	24.1	0.0	355	30/06/93
498	0	Watts Blake Bearne	113.2	631	373	76.3	69.8	9.2	7.9	7.3	9.4	10.0	1066	31/12/93 ♣
499	456	Mayflower Corporation	112.9	401	356	101.8	67.8	50.1	8.4	1.7	216.0	20.0	1564	31/12/93 ♣
500	0	Independent Insurance	112.8	151		N/R	N/R		15.8	3.7	325.5	0.0	760	• 31/12/93

NOTES

377 Midland Independent Newspapers, stock exchange listing 3/94.
382 Inspec Group, stock exchange listing 3/94.
392 London Clubs, stock exchange listing 6/94.
394 Scotia, 1992 figures are for six months to 31/12/92.
395 Pillar Property Investments, stock exchange listing 8/94.
412 Watson & Philip, last year's figures for 53 weeks to 30/10/92.
413 Royal Doulton, demerger from Pearson. Stock exchange listing 12/93.
414 Badgerline Group, stock exchange listing 11/93.
424 Field Group, figures are pro forma assuming proceeds of the flotation 7/7/93 were received at the beginning of the period.
431 Argent Group, stock exchange listing 6/94.
433 Photo-Me International, last year's figures restated to reflect merger with KIS.
434 Celltech, stock exchange listing 12/93.
449 Kenwood Appliances, last year's figures are proforma.
458 Roxboro, stock exchange listing 11/93.
479 Hodder Headline, last year's figures are for Headline Book Publishing only.
487 Trade Indemnity Group, employees = UK average.
500 Independent Insurance, stock exchange listing 11/93.

Companies stay out of the limelight

Ian Rodger ... John Murray ... Brown

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THE UK 500
261-375

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282 Burford Holdings, 1992 profit is after total exceptional items of £3.7m.
284 DFS Furniture, stock exchange listing 11/93.
304 London Insurance, stock exchange listing 11/93.
312 Chelsfield, stock exchange listing 12/93.
319 Nurdin & Peacock, last year's figures for 53 weeks to 1/1/93.
321 Exco, stock exchange listing 7/94.
323 Camas, demerger from English China Clays. Stock exchange listing 6/94.
325 Blenheim Group, last year's figures are pro forma for 12 months to 31/12/92.
328 Allders, stock exchange listing 11/93.
337 Alpha Airports, stock exchange listing 2/94.
342 Cobham, formerly FR Group
348 Britton, 1993 figures include a full year contribution from Gelpack Industrial Ltd and 5 months trading from TACO Holdings Ltd
359 Graham Group, stock exchange listing 3/94.
361 Ibstock, formerly Ibstock Johnsen.
363 Newman Tonks Group, last year's figures for 14 months to 31/12/93.
375 First Choice Holiday, formerly Owners Abroad

Ranking 1994	1993	company	Market Capital £m	Sector	Turnover Rank	Turnover This year £m	Turnover Last year £m	per cent change	Profit this year £m	Profit last year £m	per cent change	R O C E	employees	Year ending
251	215	AAH Holdings	359.7	171	87	1598.9	1402.1	14.0	42.0	37.3	12.6	23.1	9937	31/03/94 ♣
252	269	Lloyds Chemists	357.7	494	132	939.7	802.4	17.1	58.3	49.7	17.4	47.2	14710	30/06/94
253	308	Mersey Docks and Harbour Co	355.7	308	383	92.9	86.4	7.5	20.9	15.2	37.6	16.3	1630 -	31/12/93 ♣
254	233	Bryant Group	350.1	614	206	391.7	309.7	26.5	36.5	18.3	99.5	16.8	897	31/05/94 ♣
255	265	Savoy Hotel	346.0	464	369	83.3	76.8	8.5	0.7	-1.4	0.0	2.1	2801	31/12/93
256	251	Vaux Group	344.9	421	271	234.9	247.3	-5.0	26.6	20.4	30.7	8.0	8200 -	30/09/93
257	237	Lex Service	342.0	571	113	1175.7	910.7	29.1	101.6	107.0	-5.1	34.9	6113	26/12/93 ♣
258	289	Senior Engineering Group	341.5	561	208	390.0	331.6	17.6	24.2	6.4	280.0	19.4	5350	31/12/93 ♣
259	246	Saatchi & Saatchi	341.2	475	143	813.4	748.0	8.7	19.2	-595.1	0.0	20.9	11633	31/12/93
260	293	Spirax-Sarco Engineering	337.6	566	290	192.6	168.4	14.3	26.7	23.1	16.2	23.6	3489	31/12/93 ♣
261	0	Gartmore	336.6	122		N/R	N/R		24.6	-2.1	0.0	118.3	415	31/12/93 ♣
262	303	Hewden Stuart	334.5	564	285	200.0	165.3	21.0	19.1	12.0	59.0	16.1	3650	31/01/94
263	220	Albert Fisher Group	332.6	451	104	1284.2	1197.6	7.2	31.5	25.9	21.7	10.6	6564 -	31/08/93 ♣
264	228	Wickes	330.6	611	174	608.5	548.4	11.0	17.8	3.5	415.4	14.9	4867 -	31/12/93
265	291	Gestetner Holdings	328.2	534	128	1000.1	900.3	11.1	-33.2	27.2	0.0	0.0	11007 -	31/10/93 ♣
266	298	Eurotherm	326.6	551	308	168.4	164.6	2.5	20.1	14.6	37.5	27.4	2095	31/10/93
267	241	Wilson (Connolly) Holdings	326.2	613	246	274.6	201.3	36.4	28.2	16.8	67.9	12.4	837	31/12/93
268	227	St James's Place Capital	325.9	122		N/R	N/R		81.1	12.3	0.0	22.4	77	31/03/94 ♣
269	242	Attwoods	325.4	406	201	410.0	340.9	20.3	-82.2	25.1	0.0	0.0	5678	31/07/93 ♣
270	244	Cowie (T.)	314.1	571	146	799.8	605.9	32.0	38.0	24.3	56.3	16.7	3676	31/12/93 ♣
271	275	St Ives	314.0	471	266	237.0	221.3	7.1	22.3	22.1	0.9	18.0	3135	29/07/94 ♣
272	245	Wilson Bowden	313.3	614	296	185.1	127.7	44.9	31.2	16.9	84.6	18.4	763	31/12/93 ♣
273	277	Tibbett & Britten Group	313.1	406	220	360.4	231.8	55.5	24.2	14.7	64.1	30.3	9897	31/12/93 ♣
274	259	Boddington Group	312.9	421	261	242.3	236.2	2.6	41.2	22.0	87.1	16.7	7854 -	02/01/94
275	343	Perpetual	312.1	122		N/R	N/R		14.7	4.8	206.8	127.5	183	30/09/93 ♣
276	252	Barratt Developments	304.6	614	190	498.9	405.3	23.1	35.2	20.4	72.5	15.0	2300	30/06/94
277	250	Berkeley Group	299.9	614	274	228.1	182.0	25.3	39.5	15.8	149.6	22.0	506	30/04/94
278	352	Stagecoach Holdings	299.2	304	292	191.0	154.3	23.8	18.9	13.0	46.1	31.2	13461	30/04/94 ♣
279	236	Transport Development Group	298.1	302	182	549.6	599.5	-8.3	26.9	33.5	-19.6	9.8	9704	31/12/93 ♣
280	311	Heywood Williams Group	296.8	611	216	365.6	389.5	-6.1	35.2	5.5	539.6	40.7	5588	31/12/93 ♣
281	297	London International Group	294.4	431	204	396.6	416.0	-4.7	-175.1	27.8	0.0	0.0	8532	31/03/94
282	401	Burford Holdings	293.9	161		N/R	N/R		5.9	0.1	0.0	12.6	23	* 31/12/93 ♣
283	262	Menzies (John)	291.1	495	105	1231.6	1168.1	5.4	34.4	30.7	12.1	33.1	11896	30/04/94 ♣
284	0	DFS Furniture	289.3	495	346	134.9	114.2	18.1	21.4	7.4	189.4	125.7	674	* 31/01/94
285	273	Devro International	288.7	451	360	94.4	82.7	14.1	18.0	13.1	37.1	42.3	965	31/12/93
286	424	Berisford International	286.7	451	377	72.3	130.5	-44.6	-5.0	-64.1	0.0	0.0	695	30/09/93 ♣
287	243	Peel Holdings	285.9	161		N/R	N/R		9.4	7.0	34.2	7.2	458	31/03/93
288	290	Travis Perkins	285.1	611	226	347.7	303.4	14.6	20.6	10.0	105.1	13.5	3190 -	31/12/93
289	229	Hazlewood Foods	284.4	451	145	800.0	761.6	5.0	48.1	55.0	-12.6	18.3	10113	31/03/94
290	305	Fairey Group	282.2	521	332	130.2	104.3	24.8	21.8	17.3	26.6	39.8	2116 -	31/12/93 ♣
291	258	Powerscreen International	276.5	566	340	122.5	108.3	13.1	24.6	25.3	-3.0	34.9	628	31/03/94
292	295	Trinity International Holdings	274.9	472	330	134.4	115.4	16.5	19.9	15.1	31.6	41.8	3133 -	25/12/93
293	292	ML Laboratories	274.9	433	413	0.8	0.6	36.1	-0.6	-0.9	0.0	0.0	62	30/09/93 ♣
294	393	Capital Radio	274.6	464	397	40.6	32.3	25.8	11.7	11.0	6.4	45.2	285	30/09/93
295	263	Hickson International	274.0	621	215	368.3	342.5	7.5	22.1	24.3	-9.1	11.9	2840	31/12/93 ♣
296	337	Yule Catto	272.8	622	269	235.9	221.9	6.3	18.2	22.2	-17.8	25.9	2682	31/12/93
297	271	Bradford Property Trust	271.0	161		N/R	N/R		30.7	20.2	52.0	21.6	79 -	05/04/94
298	368	Babcock International Group	270.6	563	144	805.2	748.1	7.6	-41.2	21.1	0.0	0.0	10980	31/03/94
299	264	Christies International	270.6	495	318	146.8	109.4	34.2	18.9	6.7	183.4	14.3	1436	31/12/93 ♣
300	286	Kwik-Fit Holdings	265.4	672	251	260.1	233.6	11.3	25.4	17.1	48.7	19.1	3543	28/02/94
301	309	Marston,Thompson & Evershed	264.7	421	322	142.8	127.7	11.8	23.3	20.1	15.8	10.2	4014	26/03/94
302	338	Takare	264.3	434	376	72.8	48.0	51.6	14.9	11.8	26.0	13.0	5985	31/12/93
303	284	Persimmon Group	263.6	614	305	169.2	144.2	17.3	18.6	9.5	96.0	11.8	702 -	31/12/93 ♣
304	0	London Insurance	263.2	151		N/R	N/R		3.9	0.0	0.0	0.0	0	31/03/94
305	0	Redrow	260.8	614	333	130.1	120.2	8.2	13.3	10.2	30.3	21.9	699	30/06/93 ♣
306	313	Astec (BSR)	259.2	551	241	291.4	251.0	16.1	14.9	7.8	90.5	14.6	10989	31/12/93 ♣
307	280	Dawson International	256.0	411	197	443.1	431.7	2.6	-95.4	32.1	0.0	0.0	11227	26/03/94
308	310	Watmoughs	253.4	471	315	149.8	118.9	26.0	16.4	12.2	26.1	14.8	2052	31/12/93
309	270	Diploma	252.2	551	309	158.0	132.3	19.4	20.4	13.3	53.4	27.8	483 -	30/09/93
310	287	London Merchant Securities	251.4	161		N/R	N/R		22.3	27.8	-20.0	8.6	61 -	31/03/94 ♣
311	384	Macallan-Glenlivet	251.1	424	407	15.5	16.8	-7.3	5.7	7.0	-18.8	12.5	63	31/12/93 ♣
312	0	Chelsfield	251.0	161		N/R	N/R		3.2	-18.0	0.0	16.8	173	* 31/12/93 ♣
313	260	Baird (William)	247.3	412	187	522.6	541.5	-3.5	19.6	14.2	38.1	11.0	16512	31/12/93
314	410	British Bio-tech	243.9	433	411	7.8	5.0	56.8	-13.1	-11.6	0.0	0.0	284	30/04/93 ♣
315	347	Unitech	239.1	551	237	302.3	252.9	19.6	19.8	10.5	87.5	11.6	5745	31/05/94 ♣
316	329	Howden Group	238.4	561	212	373.4	335.1	11.4	27.6	18.5	48.9	19.4	5028	30/04/94
317	324	Scottish Television	238.4	474	338	125.0	126.1	-0.9	13.0	10.1	28.5	23.9	767 -	31/12/93 ♣
318	320	Davis Service Group	237.4	591	243	280.0	247.4	13.2	21.8	17.5	24.4	22.6	16924	31/12/93 ♣
319	317	Nurdin & Peacock	236.9	512	98	1403.3	1444.6	-2.9	32.1	30.2	6.5	21.3	5345	* 31/12/93
320	299	Staveley Industries	236.6	552	229	338.9	344.9	-1.7	8.6	24.4	-64.8	8.5	5080	02/04/94
321	0	Exco	236.5	122		N/R	N/R		41.5	27.3	52.2	49.1	1620	* 31/12/93 ♣
322	348	Gerrard & National	232.9	121		N/R	N/R		25.0	25.2	-0.6 ø	23.5	641	05/04/94 ♣
323	0	Camas	231.1	611	217	365.2	337.5	8.2	11.0	6.4	72.9	5.0	4226	* 31/12/94 ♣
324	339	Paterson Zochonis	229.6	431	272	233.4	227.3	2.7	28.5	26.6	7.1	13.9	3926	31/05/93
325	279	Blenheim Group	229.0	481	286	198.7	153.3	29.6	45.2	15.5	191.6	0.0	728 -	* 31/12/93 ♣
326	344	Waddington (John)	228.8	652	268	236.1	221.6	6.5	8.1	6.1	33.3	8.6	3587	02/04/94
327	356	Holliday Chemical	228.6	622	355	105.2	97.1	8.3	12.1	7.6	60.1	24.1	1011	31/12/93
328	0	Allders	227.8	491	167	630.6	555.6	13.5	6.4	-3.4	0.0	12.7	8305	* 30/09/93 ♣
329	326	Life Sciences International	227.0	402	311	154.2	110.9	39.1	23.0	20.6	11.6	27.3	1893	31/12/93
330	335	Vosper Thornycroft	226.2	592	263	239.2	196.2	22.0	21.5	19.0	13.0	36.8	2019	31/03/94 ♣
331	285	Bilton	223.2	161		N/R	N/R		17.4	17.1	1.7	5.5	172	31/12/93
332	327	Frogmore Estates	222.6	161		N/R	N/R		16.4	10.7	54.0	10.2	104	30/06/94
333	314	Bardon	221.6	611	225	361.3	336.2	4.6	-47.9	18.2	0.0	0.0	2922	31/12/93
334	340	Daejan Holdings	220.8	161		N/R	N/R		19.6	16.7	16.4	9.1	146	31/03/94 ♣
335	351	Wagon Industrial Holdings	220.5	591	244	279.9	247.6	13.0	15.6	18.1	-14.0	14.5	4021	31/03/94 ♣
336	318	Bulmer H.P. Holdings	220.4	424	256	254.6	251.8	1.1	3.9	19.6	-80.2	6.0	1395	29/04/94
337	0	Alpha Airports	219.9	306	203	404.5	350.7	15.3	16.3	12.7	28.3	35.8	6637	* 31/01/93
338	0	Aegis Group	219.8	475	49	2748.4	2845.3	-3.4	-18.1	-10.9	0.0	0.0	1757	31/12/93
339	315	Greene King	218.5	421	320	146.1	139.0	5.1	20.4	17.3	18.1	9.0	2641 -	01/05/94
340	319	Amec	218.4	613	61	2164.2	2121.7	2.9	21.0	-88.2	0.0	9.0	25681 -	31/12/93
342	349	Cobham	217.2	521	297	185.4	182.8	1.4	21.0	23.6	-11.0	14.2	3423 -	* 31/12/93 ♣
343	372	Ellis & Everard	217.2	622	199	426.1	394.6	8.0	15.8	12.2	30.3	17.8	1654	30/04/94 ♣
343	274	Norcros	216.7	592	210	378.0	352.0	7.4	17.1	2.6	551.1	11.8	6692 -	31/03/94 ♣
344	322	Polypipe	216.3	611	321	145.4	120.5	20.7	20.6	17.1	20.4	33.2	2055	30/06/94
345	312	Brake Bros	212.6	451	223	353.9	280.5	26.2	19.1	16.0	19.4	32.2	3257	31/12/93
346	334	Kalon Group	212.2	611	323	142.4	106.3	33.9	18.8	10.6	77.2	59.3	1544	31/12/93 ♣
347	366	Vinten Group	211.2	551	361	93.4	77.3	20.9	4.2	10.2	-58.8	11.6	1029	31/12/93
348	0	Britton	211.2	622	405	26.8	2.3		2.7	-2.3	0.0	15.1	210	* 31/12/93
349	283	APV	209.8	563	138	906.0	947.5	-4.4	13.4	20.2	-33.7	8.6	11318 -	31/12/93
350	399	Sheffield Insulation Group	209.3	611	304	170.7	133.5	27.9	9.8	2.9	231.6 +	30.4	1092	31/12/93
351	367	Johnston Press	206.8	471	367	86.3	71.7	20.4	12.5	9.8	28.1	44.0	2096	31/12/93
352	361	Suter	206.7	171	295	186.9	196.0	-4.6	19.1	16.3	17.2	24.6	2384	31/12/93 ♣
353	382	Smith New Court	206.3	122		N/R	N/R		95.2	38.7	146.0	39.4	1293	29/04/94 ♣
354	323	Spring Ram Corporation	206.2	406	262	239.5	193.3	23.9	-36.4	21.1	0.0	0.0	3152 -	01/01/94 ♣
355	348	Misys	205.1	482	362	93.4	88.8	5.2	18.6	15.1	23.1	256.8	1467	31/05/94 ♣
356	373	Etam	203.2	491	278	220.3	220.7	-0.2	14.0	10.9	28.1	18.7	5220	29/01/94 ♣
357	388	Macfarlane Group	203.2	672	358	96.7	87.0	11.2	12.7	10.2	25.4	29.9	1454	31/12/93 ♣
358	359	Close Brothers Group	199.8	121		N/R	N/R		17.8	12.6	41.9 <	26.8	390	31/07/93 ♣
359	0	Graham Group	199.5	611	211	374.1	346.4	8.0	13.5	10.8	24.9	18.3	2938	* 31/12/93
360	451	Yorkshire-Tyne Tees	194.6	474	267	236.8	210.1	12.7	-7.9	16.7	0.0	0.0	1065 -	30/09/93
361	362	Ibstock	194.1	611	270	235.5	277.4	-15.1	-18.7	-27.6	0.0	0.0	3681	* 31/12/93
362	331	Henderson Administration Grp	193.9	122		N/R	N/R		20.3	14.6	39.2	61.4	513	31/03/94 ♣
363	380	Newman Tonks Group	192.1	613	254	257.6	266.5		15.8	4.4	0.0	16.5	4749 -	* 31/12/93 ♣
364	278	Anglian Group	191.2	611	300	176.7	151.4	16.7	25.1	23.1	8.7	161.8	2407	02/04/94 ♣
365	294	Laing (John)	190.3	613	108	1229.0	1254.9	-2.1	18.3	11.6	57.8	8.9	7500	31/12/93 ♣
366	345	Tilbury Douglas	190.1	613	219	361.3	381.6	-5.3	20.9	-1.9	0.0	29.7	3646 -	31/12/93 ♣
367	353	B.S.G. International	190.0	591	180	573.8	555.1	3.4	10.6	7.4	41.6	9.4	6112 -	31/12/93 ♣
368	392	Logica	189.6	551	282	210.0	196.6	6.8	13.5	9.0	50.0	25.9	3041	30/06/94 ♣
369	256	ACT Group	188.3	482	259	250.6	152.9	63.9	28.5	20.5	39.0	125.2	3192	31/03/94
370	332	Bellway	187.7	614	317	147.2	130.0	13.2	16.7	13.0	28.5	15.2	648	31/07/93
371	435	Park Food Group	187.4	493	327	137.3	116.1	18.3	11.8	10.3	14.6	128.1	490	31/03/94 ♣
372	369	Yorkshire Chemicals	187.2	622	349	112.0	98.0	14.3	13.0	10.1	29.1	24.0	1006	31/12/93 ♣
373	364	Dorling Kindersley	186.3	472	353	107.1	87.4	22.6	9.0	9.6	-6.3	20.3	696	30/06/94 ♣
374	395	Bullough	185.8	591	248	271.4	276.9	-2.0	7.8	6.0	30.0	6.7	4559 -	31/10/93 ♣
375	433	First Choice Holiday	185.6	406	156	710.2	772.0	-8.0	5.8	25.5	-77.5	10.1	2812	* 31/10/93

EUROPEAN ANALYSIS

FT500

Additions to the European 500

Company	Country	Rank 1994	Sector
Telecom Italia	Ita	25	223
KPN	Net	35	223
Banque Nationale de Paris	Fra	78	112
Polygram	Net	86	481
INA	Ita	105	151
Bankgesellschaft Berlin	Ger	110	112
Vendome	UK	120	495
Pharmacia	Swe	142	433
San Paolo di Torino	Ita	146	112
Istituto Mobiliare Italiano	Ita	154	112
Rothmans International plc/NV	Nuk	163	425
Tele Danmark	Den	184	223
CEZ	Cze	210	221
AssiDoman	Swe	262	651
Continente	Spa	309	491
Union Miniere	Bel	312	634
Lagardere Group	Fra	317	171
Credito Romagnolo	Ita	353	112
Hennes & Mauritz	Swe	356	491
Hapag Lloyd	Ger	367	303
Komercni Banka	Cze	384	112
Finmeccanica	Ita	386	563
Mo och Domsjo	Swe	391	651
VA Technologie	Aus	396	563
Den norske Bank	Nor	397	112
Ferruzzi Finanziaria	Ita	401	171
Trelleborg	Swe	427	566
Hoogovens	Net	431	633
SSAB	Swe	437	633
Avesta	Swe	449	633
Smith (David S) Holdings	UK	453	652
Rautaruukki	Fin	456	563
UAF	Fra	458	151
Mondadori	Ita	460	472
Landis & Gyr	Swi	462	541
Oerlikon-Buehrle	Swi	464	521
Securicor Group	UK	467	406
WPP Group	UK	471	475
EVN	Aus	476	221
Italcementi	Ita	479	611
Ecco	Fra	480	481
Compass Group	UK	483	464
SIDEL	Fra	485	652
Hagemeyer	Net	493	401
Elan Corp	Ire	498	433
Merkur Holding	Swi	499	495

Departures from the European 500

Company	Country	Rank 1993	Sector
SIP	Ita	43	223
Procordia	Swe	82	433
Rothmans International	UK	98	425
Institut Merieux	Fra	216	433
Matra Hachette	Fra	235	171
Berliner Bank	Ger	248	112
Redoute (La)	Fra	279	491
Dixons Group	UK	346	495
Leu Holding	Swi	354	112
Trygg-Hansa SPP Holding	Swe	361	151
Credit National Group	Fra	384	121
Willis Corroon Group	UK	385	142
Gambro	Swe	415	433
Delta	UK	426	563
SME	Ita	429	451
Unitas Bank	Fin	440	112
DBV	Ger	443	151
Eiffage	Fra	444	613
Morgan Crucible	UK	447	591
M & G Group	UK	448	122
South West Water	UK	450	221
Nuernberger Beteiligung	Ger	453	151
Rinascente (La)	Ita	458	491
Italcable	Ita	460	223
Nobel Industries	Swe	463	622
Tabacalera	Spa	464	425
Sovac	Fra	466	122
Mirror Group	UK	469	472
Great Portland Estates	UK	475	181
Hambros	UK	476	121
Baltica Forsikring	Den	477	151
Douglas Holdings	Ger	478	494
Bongrain	Fra	479	451
Racal Electronics	UK	480	551
Colas	Fra	481	613
Allied Colloids Group	UK	484	622
Glynwed International	UK	486	566
Oldenburgische Landesbank	Ger	487	112
Dunhill Holdings	UK	490	406
Kleinwort Benson Group	UK	492	121
Wimpey (George)	UK	494	613
Dragados y Construcciones	Spa	496	613
Vereins- und Westbank	Ger	497	112
Farnell Electronics	UK	498	551
Assitalia	Ita	499	151
Kansallis-Osake-Pankki	Fin	500	112

$ exchange rates

Currency	1994	1993	% change
Austrian Schilling	10.898	11.368	4.30
Belgian Franc	31.88	34.61	8.42
Czech Koruna	28.0656	0	
Danish Kroner	6.1041	6.6304	7.94
Finnish Markka	4.9570	5.778	14.20
French Franc	5.2977	5.6604	6.54
German Mark	1.5489	1.6204	4.41
Irish Punt	0.6459	0.69578	7.17
Italian Lira	1565.86	1568.93	0.20
Japanese Yen	98.75	100.46	0.36
Luxembourg Franc	31.88	34.61	8.42
Netherlands Guilder	1.7364	1.8108	4.58
Norwegian Kroner	6.7948	7.0736	3.94
Portuguese Escudo	157.0	166.14	4.96
Spanish Peseta	128.62	130.55	1.48
Swedish Kronor	7.5197	8.0069	6.08
Swiss Franc	1.2894	1.4162	8.95
UK Sterling	0.6308	0.6550	2.56

Sector codes

Sector	Description	Sector	Description	Sector	Description
112	Commercial Banks and other Banks	425	Tobacco manufacturers	534	Office Equipment
120	Financial Institutions & Services (Composite)	430	Health & Personal Care (Composite)	541	Electrical Equipment
121	Financial Institutions	431	Health Care	550	Electronics & Instrumentation (Composite)
122	Financial Services	432	Cosmetics	551	Electronics
131	Investment Companies	433	Drugs	552	Instrumentation/Control Equipment
140	Insurance - Life & Agents/Brokers (Composite)	434	Hospital Supply/Management	560	Machinery & Engineering Services (Composite)
141	Insurance - Life	440	Agriculture & Fishing	561	Engineering Services
142	Insurance - Agents & Brokers	450	Foods & Grocery Products (Composite)	562	Machine Tools
150	Insurance - Multiline/Property & Casualty (Comp)	451	Food Processors	563	Machinery
151	Insurance - Multiline	452	Food - Sugar/Confectionery	564	Machinery - Construction
152	Insurance - Property & Casualty	453	Soaps	565	Machinery - Farm equipment
161	Real Estate	454	Agriculture & Fishing	566	Machinery - Industrial/Speciality
171	Diversified Holding Companies	460	Entertainment/Leisure/Toys (Composite)	570	Auto Components (Composite)
181	Investment Trusts	461	Entertainment & Leisure Time	571	Auto Parts - Original Equipment
201	Non Oil Energy Sources	462	Toys	572	Auto Parts - After Market
202	Energy Equipment & Services	463	Photography	573	Auto Trucks & Parts
203	Oil (Composite)	464	Restaurants and Hotels	574	Tyre and Rubber Goods
205	Other Energy (Composite)	470	Media (Composite)	591	Diversified Industrial (Manufacturing)
212	Oil - Internationals	471	Printing	592	Heavy Engineering and Shipbuilding
213	Oil - Crude Producers	472	Publishing	610	Construction & Building Materials (Composite)
214	Petroleum Products including Refineries	473	Publishing - Newspapers	611	Building Materials
220	Electric and Gas Utilities (Composite)	474	Broadcasting Media	612	Ceramics
221	Electric Utilities, Water Works and Supply	475	Advertising	613	Construction
222	Natural Gas Utilities	480	Business Services & Computers Software/Serv (Comp)	614	Homebuilding
223	Telephone Companies	481	Business Services	620	Chemicals (Composite)
301	Air Transport Carriers	482	Computer Software & Services	621	Chemicals including fibres, paints, industrial gas
302	Freight Forwarders	490	Retail Trade (Composite)	622	Chemicals (Diversified)
303	Sea Transport	491	Retail - Department store	624	Fertilisers
304	Rail & Road Transport	492	Retail - General Merchandise	630	Mining (Composite)
306	Storage, Warehousing & supporting Transport servs	493	Retail - Grocery Chains	631	Mining & Extractive Industries
310	Transport & Storage (Composite)	494	Retail - Drug Chains	632	Metal Ore Mining
401	Automobiles	495	Retail - Miscellaneous/Speciality	633	Iron and Steel
402	Household Durables & Appliances	510	Wholesale Trade (Composite)	634	Non-ferrous Metals
406	Diversified Consumer Goods/Services	511	Wholesale - Durables	641	Precious Metals & Minerals
410	Textile and Wearing Apparel(Composite)	512	Wholesale - Nondurables	650	Forestry and Paper Products (Composite)
411	Apparel	520	Aerospace/Defence Composite	651	Forestry Products
412	Textile Products	521	Aerospace/Defence	652	Paper and Paper Products
413	Footwear	522	Defence Electronics	670	Fabricated Metal Products (Composite)
420	Beverage Industries/Tobacco manufacturers (Comp)	523	Aircraft Manufacturers	671	Fabricated Metal Products
421	Beverages - Brewers	530	Computers/Communications & Office Equipment (Comp)	672	Containers
422	Beverages - Distillers	531	Computers		
424	Beverages - Soft drinks	533	Communications Equipment		

FT500

THE UK 500

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Ranking 1994	1993	Company	Market Capital £m	Sector	Turnover Rank	Turnover This year £m	Turnover Last year £m	per cent change	Profit This year £m	Profit Last year £m	per cent change	ROCE	employees	Year ending
126	108	Eurotunnel	1152.5	613		N/R	N/R		0.0	0.0	0.0	0.0	0	31/12/93
127	129	Lasmo	1148.4	213	161	678.0	621.0	9.2	-9.0	-262.0	0.0	0.0	1572	31/12/93
128	138	Hays	1139.0	481	166	631.9	477.1	32.4	87.8	66.6	31.8	51.6	7711	30/06/94 ♣
129	157	T & N	1126.3	591	85	1662.2	1390.1	19.6	70.3	63.0	11.6	12.7	40978	31/12/93 ♣
130	105	Northern Foods	1119.6	451	66	2048.6	2026.1	1.1	157.2	153.0	2.7	35.4	29709	31/03/94
131	120	Mercury Asset Management	1112.7	122		N/R	N/R		109.5	82.3	33.1	48.1	637	31/03/94 ♣
132	113	English China Clays	1082.9	631	117	1130.7	966.3	17.0	88.1	100.2	-12.1	10.0	11020	31/12/93
133	132	Yorkshire Water	1048.2	221	186	530.6	481.6	10.2	143.5	138.6	3.5	12.1	4768	31/03/94 ♣
134	155	Johnson Matthey	1046.7	641	74	1956.0	1853.7	5.5	65.4	73.8	-11.4	15.2	6287	31/03/94 ♣
135	165	Seeboard	1035.3	221	107	1218.1	1225.6	-0.6	131.7	112.7	16.9	24.1	5339	31/03/94 ♣
136	141	Transatlantic Holdings	1018.4	122		N/R	N/R		87.0	58.5	18.6	7.7	1070	31/12/93
137	148	Lonrho	1013.6	171	71	1990.0	2922.0	-31.9	172.0	114.0	50.9	10.1	99309	30/09/93 ♣
138	127	Dalgety	999.0	451	21	4955.3	4470.3	10.8	120.1	112.2	7.0	26.1	16609	30/06/94 ♣
139	159	Associated British Ports	998.4	303	275	226.9	220.0	3.1	62.1	-36.6	0.0	10.3	2409	31/12/93 ♣
140	144	Daily Mail and General Trust	965.9	472	160	683.9	664.3	3.0	66.7	38.4	73.7	14.7	8070	03/10/93
141	146	Southern Water	964.6	221	227	347.7	319.2	8.9	127.5	119.2	7.0	14.0	3476	31/03/94
142	137	Argos	953.6	495	118	1109.7	1003.6	10.6	83.5	52.9	57.8	36.5	12631	01/01/94
143	116	BET	953.2	171	73	1974.0	2176.2	-9.3	92.0	-9.8	0.0	17.6	105123	02/04/94 ♣
144	171	Morrison (Wm) Supermarkets	950.4	493	90	1536.4	1316.7	16.8	97.8	83.8	16.7	21.0	20827	30/01/94
145	147	IMI	948.5	671	121	1064.6	1005.6	5.9	70.2	68.0	3.2	13.1	17196	31/12/93 ♣
146	149	Electrocomponents	943.9	551	205	396.5	387.6	2.3	72.7	51.9	40.1	48.3	2646	31/03/94 ♣
147	169	Manweb	940.0	221	133	929.6	919.9	1.1	126.3	111.2	13.6	24.2	4604	31/03/94
148	167	Northern Electric	935.3	221	124	1030.5	882.7	16.7	128.7	111.4	15.5	25.6	4714	31/03/94 ♣
149	158	Welsh Water	935.2	221	188	512.1	382.4	33.9	144.2	155.5	-7.3	13.4	6600	31/03/94 ♣
150	145	Wessex Water	922.8	221	279	217.2	205.6	5.6	103.3	86.0	20.1	11.5	1852	31/03/94
151	142	Slough Estates	913.4	161		N/R	N/R		53.0	46.4	14.2	7.1	420	31/12/93 ♣
152	176	South Western Electricity	911.0	221	139	899.6	892.0	0.9	116.8	101.1	15.5	20.7	5400	31/03/94
153	126	Trafalgar House	900.8	171	34	3679.1	3699.5	-0.5	-347.2	-11.2	0.0	29.6	35949	30/09/93 ♣
154	156	Hammerson	900.0	161		N/R	N/R		39.8	7.9	403.8	6.6	368	31/12/93
155	160	Booker	895.0	591	39	3566.7	3441.1	3.7	86.9	67.9	28.0	26.8	21947	31/12/93 ♣
156	170	Next	888.7	491	185	544.2	484.7	12.3	73.5	38.9	88.9	34.4	9415	31/01/94
157	140	Kwik Save Group	862.6	493	53	2651.2	2319.0	14.3	126.1	110.6	14.0	39.7	22196	31/08/93 ♣
158	166	Greenalls Group	855.7	421	178	577.5	529.1	9.2	68.3	42.3	61.4	9.1	18942	24/09/93 ♣
159	143	Chubb Security	841.9	406	157	701.0	691.3	1.4	77.1	61.8	24.8	43.2	18735	31/03/94
160	175	Security Services	836.4	406	172	616.4	562.9	9.5	43.3	30.7	41.0	25.8	40700	30/09/93
161	135	Burton Group	822.9	491	77	1893.1	1764.6	7.3	18.5	-0.8	0.0	4.8	36562	28/08/93
162	195	Smith (David S) Holdings	818.7	652	161	782.6	518.9	50.9	42.2	27.1	55.7	15.7	8113	30/04/94
163	124	Fisons	808.6	433	101	1324.4	1284.2	3.1	1.0	123.6	-99.2	4.4	13364	31/12/93
164	153	Sedgwick Group	791.6	142		N/R	N/R		70.5	56.7	24.3	0.0	13593	31/12/93 ♣
165	192	Securicor Group	789.6	406	164	637.3	583.8	9.2	63.0	47.3	33.1	25.3	41223	30/09/93
166	162	Rugby Group	788.1	611	152	755.4	650.1	16.2	63.8	57.6	10.8	16.4	8168	31/12/93 ♣
167	151	Storehouse	785.9	491	123	1046.5	1139.3	-8.2	62.4	15.2	310.5	14.0	18095	02/04/94
168	199	WPP Group	782.5	475	95	1430.7	1273.0	12.4	54.4	7.8	599.7	67.6	20416	31/12/93
169	190	South Wales Electricity	782.3	221	175	605.4	586.0	3.3	104.0	87.0	19.5	28.5	3350	31/03/94
170	154	Unigate	781.2	451	72	1980.0	1925.0	2.9	102.4	101.4	1.0	23.1	27283	31/03/94 ♣
171	134	Salvesen (Christian)	758.5	302	181	558.0	528.0	5.7	74.1	75.9	-2.4	19.8	11572	31/03/94 ♣
172	206	Compass Group	757.2	464	191	497.0	345.1	44.0	41.5	31.8	30.5	48.2	25872	26/09/93
173	161	MFI Furniture Group	756.8	406	162	659.4	603.9	9.2	87.8	40.2	118.4	43.9	7134	30/04/94 ♣
174	168	MAI	752.5	122		N/R	N/R		87.9	80.2	9.6	30.2	5091	30/06/94 ♣
175	178	BBA Group	752.0	571	96	1417.4	1322.6	7.2	-12.8	47.4	0.0	0.0	21388	31/12/93 ♣
176	187	Emap	744.1	473	218	362.4	318.3	13.9	45.7	42.4	7.8	208.6	5106	02/04/94 ♣
177	177	FKI	736.8	563	147	794.5	756.1	5.1	52.3	38.0	37.4	16.2	11221	31/03/94 ♣
178	152	Britannic Assurance	733.7	141		N/R	N/R		28.0	23.7	17.8	0.0	4661	31/12/93
179	185	Bunzl	732.0	652	91	1519.5	1310.0	16.0	55.8	40.4	38.1	19.6	8046	31/12/93
180	163	Hepworth	731.6	611	163	654.7	627.5	4.3	58.3	44.8	30.1	24.5	9047	31/12/93
181	130	Dixons Group	712.6	495	75	1921.4	1985.9	-3.2	-165.2	33.5	0.0	0.0	12020	30/04/94
182	0	Capital Shopping Centres	709.8	161		N/R	N/R		4.1	-8.5	0.0	4.8	731	31/12/93
183	172	Morgan Crucible	708.4	591	148	793.3	684.0	16.0	66.0	61.3	7.7	18.0	12952	04/01/94
184	104	Delta	707.3	563	142	832.7	785.9	6.0	53.4	55.0	-3.1	14.5	13521	01/01/94 ♣
185	173	M & G Group	692.0	122		N/R	N/R		50.9	39.4	29.1	49.0	724	30/09/93 ♣
186	191	Farnell Electronics	682.8	551	234	320.1	254.3	25.9	49.1	41.6	17.9	42.1	3506	30/01/94
187	194	Provident Financial	675.6	121		N/R	N/R		62.5	40.7	53.7	20.0	4626	31/12/93 ♣
188	184	Glynwed International	674.9	566	128	965.8	906.4	6.6	45.5	30.9	47.2	17.7	11149	25/12/93
189	174	South West Water	663.7	221	258	251.4	194.4	29.3	93.0	92.7	0.3	12.2	3060	31/03/94 ♣
190	212	Charter	658.6	611	184	545.8	1204.8	-54.7	50.1	289.2	-82.7	10.8	7910	31/03/94 ♣
191	182	Racal Electronics	649.9	551	136	916.1	946.9	-3.3	26.4	47.7	-44.7	7.5	11779	31/03/94
192	183	Allied Colloids Group	644.5	622	232	326.8	294.8	10.8	45.9	44.4	3.5	24.8	2884	02/04/94
193	207	Northern Ireland Electricity	617.3	221	192	481.9	453.2	6.3	58.7	74.9	-21.6	15.3	3536	31/03/94 ♣
194	150	Willis Corroon Group	613.6	142		N/R	N/R		76.2	42.5	79.3	0.0	11263	31/12/93
195	186	Kleinwort Benson Group	600.3	121		N/R	N/R		111.7	45.1	147.7 <	29.4	2799	31/12/93 ♣
196	180	Great Portland Estates	596.9	161		N/R	N/R		24.5	34.0	-28.1	8.2	74	31/03/94 ♣
197	203	Vickers	576.1	566	158	689.6	718.5	-4.0	32.3	-36.6	0.0	9.6	9406	31/12/93 ♣
198	217	Caledonia Investments	572.3	131		N/R	N/R		48.2	36.0	25.6	8.8	1028	31/03/94 ♣
199	226	Highland Distilleries	566.1	422	303	171.1	169.4	1.0	38.8	28.7	35.1	21.6	374	31/08/93
200	193	Bowthorpe Holdings	548.8	541	231	334.3	265.4	25.9	51.1	42.7	19.8	34.3	5611	31/12/93
201	213	Amersham International	539.8	431	233	324.2	269.3	20.4	43.5	26.3	65.4	23.9	3397	31/03/94 ♣
202	235	Wassall	537.1	534	245	277.8	251.1	10.6	27.6	17.8	55.0	20.2	3409	31/12/93 ♣
203	179	Mirror Group	536.4	472	193	476.1	466.1	2.1	131.9	-88.7	0.0	55.6	3125	02/01/94
204	232	Danka Business Systems	532.9	482	226	347.2	186.3	86.4	32.0	17.5	82.8	75.3	3932	31/03/94 ♣
205	239	Airtours	511.9	301	173	615.6	405.6	51.8	45.5	36.5	24.6	82.3	3819	30/09/93 ♣
206	214	Weir Group	511.9	561	196	449.0	401.7	11.8	37.5	39.2	-4.2	26.7	6245	31/12/93 ♣
207	210	Scapa Group	499.8	591	207	391.7	347.3	12.8	48.5	47.0	3.2	16.5	6536	31/03/94 ♣
208	189	Wimpey (George)	497.8	613	88	1587.4	1639.2	-3.2	25.5	-111.6	0.0	5.9	11590	31/12/93 ♣
209	211	Taylor Woodrow	497.7	613	115	1149.7	1226.0	-6.2	30.2	-94.5	0.0	6.8	8454	31/12/93 ♣
210	208	British Vita	486.9	622	153	754.2	737.2	2.3	33.7	52.3	-35.6	10.6	12608	31/12/93
211	198	Courtaulds Textiles	474.1	412	135	923.1	889.6	3.8	38.8	39.1	-0.8	12.6	21900	31/12/93
212	0	House of Fraser	473.0	491	155	721.7	694.2	4.0	34.5	23.9	44.4	12.8	9990	29/01/94 ♣
213	202	Meyer International	471.9	611	109	1192.9	1086.1	9.8	41.6	14.4	188.9	12.1	8588	31/03/94 ♣
214	224	Croda International	467.8	621	200	415.1	362.9	14.4	48.9	29.8	64.1	27.4	4378	31/12/93
215	181	Hambros	462.1	121		N/R	N/R		90.5	65.0	39.2 <	21.4	7916	31/03/94 ♣
216	219	Calor Group	461.7	214	240	295.9	311.0	-4.9	51.5	33.6	53.3	22.1	2043	31/12/93 ♣
217	247	Monument Oil and Gas	460.8	213	401	31.1	38.8	-19.8	7.9	4.8	64.2	5.2	41	31/12/93
218	255	VSEL	459.0	592	141	832.9	141.7	488.0	60.9	55.6	9.6	23.2	7329	31/03/94
219	225	Northumbrian Water Group	453.3	221	239	296.6	252.1	18.4	62.6	69.4	-9.5	9.2	3314	31/03/94 ♣
220	204	The Telegraph	445.9	473	255	255.7	237.2	7.8	60.2	44.4	35.7	17.7	1054	31/12/93
221	261	Portals Group	437.9	566	287	197.9	194.2	1.9	31.0	25.5	21.6	22.2	2692	31/12/93 ♣
222	221	First Leisure Corporation	437.8	461	341	121.8	108.5	12.3	31.8	31.1	2.3	11.2	4023	31/10/93
223	207	Brixton Estate	437.7	161		N/R	N/R		30.5	28.5	6.8	8.9	61	31/12/93
224	234	Laird Group	436.5	591	168	624.4	600.7	3.9	38.2	36.2	5.5	16.2	10259	31/12/93
225	230	Halma	427.9	563	329	135.3	116.1	16.5	25.1	20.9	20.0	46.5	2099	31/03/94 ♣
226	253	Body Shop International	425.9	495	288	195.4	168.3	16.1	29.7	21.5	37.9	26.7	2456	28/02/94
227	231	McKechnie	424.3	671	236	314.4	286.4	9.8	24.5	22.9	7.0	18.0	5763	31/07/93
228	196	Refuge Group	421.4	141		N/R	N/R		24.3	16.2	50.1	0.0	3440	31/12/93
229	218	Invesco	416.6	122		N/R	N/R		33.4	12.6	164.9	29.9	1252	31/12/93 ♣
230	200	Iceland Group	409.2	493	110	1182.4	1037.3	14.0	65.2	55.3	18.0	29.3	15601	01/01/94 ♣
231	281	Medeva	408.4	433	284	200.4	144.2	39.0	46.1	36.0	28.0	58.5	2221	31/12/93 ♣
232	201	United Friendly Group	404.3	151		N/R	N/R		20.4	23.4	-12.7	0.0	3648	31/12/93 ♣
233	316	Stakis	401.2	461	325	140.3	154.1	-9.0	10.4	-47.4	0.0	6.2	5819	03/10/93 ♣
234	248	Low & Bonar Group	400.2	652	214	368.9	307.3	20.0	31.6	8.1	291.8	20.6	4214	30/11/93 ♣
235	222	London and Manchester Group	398.3	141		N/R	N/R		33.4	23.4	42.5	0.0	3530	31/12/93
236	264	Cray Electronics	395.3	551	247	271.7	200.8	35.3	28.2	29.0	-9.8	45.3	3362	30/04/94 ♣
237	209	Ocean Group	394.7	306	129	963.7	874.6	10.2	44.1	16.0	175.6	13.2	11500	31/12/93 ♣
238	300	BTP	394.4	622	242	289.8	207.7	39.5	30.3	20.5	47.7	27.1	2799	31/03/94 ♣
239	0	Euromoney	393.8	472	385	53.7	44.9	19.6	17.7	13.8	27.7	124.2	358	30/09/93
240	216	Fine Art Developments	392.6	495	235	317.2	311.5	1.8	38.1	33.9	12.4	30.5	4851	31/03/94
241	268	Sema Group	391.9	551	189	502.0	416.7	20.5	36.1	40.3	-10.2	28.0	7254	31/12/93 ♣
242	0	Flextech	387.0	472	412	6.8	4.3		-6.6	-3.6	0.0	0.0	59	31/12/93 ♣
243	276	TT Group	382.8	563	222	357.6	171.0	109.3	23.9	16.6	43.6	30.1	6843	25/12/93 ♣
244	223	Marley	381.2	611	170	622.0	561.3	10.8	-1.1	4.6	0.0	0.0	9548	31/12/93 ♣
245	240	UniChem	379.0	433	112	1177.6	1048.7	12.3	37.6	29.4	27.5	30.9	4865	31/12/93 ♣
246	238	Powell Duffryn	373.2	306	169	622.6	615.1	1.3	33.4	21.6	54.6	18.3	8115	31/03/94
247	282	Brown (N.) Group	369.4	495	298	186.8	170.8	9.3	22.5	19.0	18.3	25.0	1590	26/02/94 ♣
248	0	Beazer Homes	365.1	614	260	246.6	276.0		33.9	37.7	0.0	27.2	1979	30/06/94 ♣
249	257	Pentland Group	364.8	171	194	471.8	326.5	44.5	21.6	83.6	-74.2	5.7	5294	31/12/93 ♣
250	272	Wolverhampton & Dudley Brews	364.5	421	276	223.5	209.6	6.6	36.5	35.2	3.7	10.7	9595	31/12/93

NOTES

126 Eurotunnel, see Eurotunnel entry in European table.
142 Argos, last year's figures for 53 weeks to 3/1/93.
159 Chubb Security, 1993 figures are pro forma.
167 Storehouse, this year's figures for 53 weeks to 2/4/94.
173 MFI Furniture Group, this year's figures for 53 weeks to 30/4/94. Last year's figures are pro forma.
182 Capital Shopping Centres, stock exchange listing 3/94.
190 Charter, 1993 figures are pro forma.
191 Racal Electronics, 1993 figures are net of results for Chubb Security, demerged October 92.
193 Northern Ireland Electricity, 1993 figures are pro forma assuming the new capital structure had been effective from 1/4/92.
203 Mirror Group, this year's figures for 53 weeks to 2/1/94.
212 House of Fraser, stock exchange listing 4/94. Figures are from pathfinder prospectus.
233 Stakis, this year's figures for 53 weeks to 3/10/93.
242 Flextech, last year's figures are pro forma for nine months to 31/12/93.
248 Beazer Homes, listing 3/94. This year's figures for 9 months to 30/6/94. Last year's figures for 12 months to 30/9/93.

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THE UK 500

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NOTES

1 Shell Transport & Trading, see entry for Royal Dutch/Shell in European table.
15 Unilever, see entry for Unilever in European table
27 Allied Domecq formerly Allied-Lyons
29 Prudential Corporation employees = UK average.
36 Reed International See entry for Reed Elsevier in European table.
40 Cadbury Schweppes last year's figures for 53 weeks to 2/1/93.
42 Vendome, Reorganisation of tobacco and luxury goods interests of Rothmans, Richemont AG and Dunhill Holdings. Listing 10/93.
56 Sun Alliance Group employees = UK average.
59 Rothmans International, See entry in European table. Reorganisation of Richemont's tobacco and luxury goods interests into Vendome and Rothmans International. Listing 10/93.
66 Lloyds Abbey Life employees = UK average.
67 Associated British Foods this year's figures for 53 weeks to 18/9/93.
72 Legal & General Group employees = UK only.
83 Eastern Group formerly Eastern Electricity.
88 Royal Insurance Holdings employees = UK average.
101 Guardian Royal Exchange employees = UK only.
107 Lucas Industries This year's pre tax profits after exceptional item of £213.9m

Symbols for tables are explained on page 3 and sector codes are on page 20

Ranking 1994	1993	company	Market Capital £m	Sector	Turnover Rank	Turnover This year £m	Turnover Last year £m	per cent change	Profit this year £m	Profit last year £m	per cent change	ROCE	employees	Year ending
1	2	Shell Transport & Trading	23151.8	212					0.0	0.0	0.0	0.0	0	
2	1	BT	22669.9	223	3	13676.0	13242.0	3.3	2756.0	1972.0	39.8	18.6	165700	31/03/94
3	5	British Petroleum	21927.5	212	1	34950.0	33250.0	5.1	1302.0	112.0	1062.5	9.2	84500	31/12/93
4	4	HSBC Holdings	18179.4	112		N/R	N/R		2694.0	1714.0	50.8 <	35.1	104027	31/12/93
5	3	Glaxo Holdings	17863.6	433	18	5656.0	4930.0	14.7	1840.0	1675.0	9.9	33.8	47189	30/06/94
6	6	BAT Industries	13450.1	171	2	17879.0	16006.0	11.7	1809.0	1645.0	10.0	7.4	190308	31/12/93
7	7	British Gas	12943.8	222	7	10386.0	10254.0	1.3	-613.0	846.0	0.0	0.0	79358	31/12/93
8	9	Hanson	11745.1	171	9	9760.0	8798.0	10.9	1016.0	1286.0	-21.0	10.1	71000	30/09/93
9	10	Marks and Spencer	11218.8	491	12	6541.2	5950.8	9.9	851.5	736.5	15.6	23.2	62120	31/03/94
10	8	BTR	11090.6	591	8	9772.0	8841.0	10.5	1282.0	1078.0	18.9	22.7	129814	31/12/93
11	11	Smithkline Beecham	10995.7	433	14	6164.0	5219.0	18.1	1220.0	1089.0	12.0	38.2	52700	31/12/93
12	21	RTZ Corporation	9371.2	634	43	3184.0	3248.0	-2.0	435.0	521.0	-16.5	10.4	59975	31/12/93
13	18	Barclays	9280.9	112		N/R	N/R		664.0	-242.0	0.0 <	18.2	99000	31/12/93
14	16	Guinness	9209.9	421	24	4663.0	4363.0	6.9	702.0	795.0	-11.7	17.6	23275	31/12/93
15	15	Unilever	9138.1	451		0.0	0.0		0.0	0.0	0.0	0.0	0	
16	12	Cable & Wireless	8753.0	223	23	4699.2	3825.8	22.8	1088.3	918.0	18.6	22.6	41348	31/03/94
17	14	Grand Metropolitan	8513.1	421	11	8120.0	7913.0	2.6	630.0	913.0	-31.0	20.5	87163	30/09/93
18	17	National Westminster Bank	8113.4	112		N/R	N/R		989.0	367.0	169.5 <	23.5	98000	31/12/93
19	13	General Electric Company	7993.3	541	16	5791.0	5612.0	3.2	866.0	863.0	0.3	21.5	86121	31/03/94
20	23	Reuters Holdings	7920.3	474	78	1874.0	1568.0	19.5	440.0	383.0	14.9	47.6	10811	31/12/93
21	22	Zeneca	7634.8	433	28	4440.0	3979.0	11.6	642.0	102.0	529.4	48.3	32300	31/12/93
22	19	Sainsbury J	7210.0	493	6	10583.2	9685.5	9.3	368.8	732.8	-49.7	10.4	124841	12/03/94
23	20	Lloyds Bank	7064.2	112		N/R	N/R		1031.0	801.0	28.7 <	43.2	67182	31/12/93
24	28	Imperial Chemical Industries	6012.4	622	5	10632.0	12061.0	-11.8	374.0	-384.0	0.0	8.4	87100	
25	29	Vodafone	6010.7	223	149	793.3	664.1	19.5	363.3	322.5	12.7	64.2	3117	31/03/94
26	31	National Power	5895.3	221	37	3641.0	4348.0	-16.3	677.0	580.0	16.7	21.9	6955	27/03/94
27	30	Allied Domecq	5832.7	421	20	5526.0	5266.0	4.9	606.0	505.0	20.0	17.0	71824	05/03/94
28	26	Great Universal Stores	5722.8	493	45	3094.3	2810.4	10.1	518.9	475.0	9.2	14.4	30154	31/03/94
29	24	Prudential Corporation	5644.0	141		N/R	N/R		589.0	406.0	45.1	0.0	21114	31/12/93
30	*25*	*Wellcome*	*5640.0*	*433*	*67*	*2040.7*	*1762.0*	*15.8*	*667.1*	*457.0*	*46.0*	*44.6*	*17571*	*31/08/93*
31	32	Boots Company	5488.3	492	33	4167.1	3962.1	5.2	415.9	405.2	2.6	22.8	80099	31/03/94
32	27	Abbey National	5103.3	112		N/R	N/R		704.0	564.0	24.8 <	24.2	19046	31/12/93
33	33	BAA	4978.4	306	119	1098.0	952.0	15.3	322.0	285.0	13.0	12.8	8498	31/03/94
34	38	Tesco	4882.4	493	10	8599.9	7581.5	13.4	435.5	558.0	-22.0	14.0	93339	26/02/94
35	37	Bass	4498.3	421	27	4461.0	4307.0	3.3	508.0	473.0	7.4	12.5	81105	30/09/93
36	38	Reed International	4302.8	472		N/R	N/R		0.0	0.0	0.0	0.0	0	
37	36	Thorn Emi	4199.5	461	30	4292.1	4452.3	-3.6	326.5	273.5	19.4	31.3	41423	31/03/94
38	43	Powergen	4139.1	221	47	2932.0	3188.0	-8.0	476.0	425.0	12.0	20.6	4782	03/04/94
39	48	P & O Steam Navigation	3754.4	303	17	5746.0	5528.4	3.9	523.7	270.4	93.7	17.0	51755	31/12/93
40	40	Cadbury Schweppes	3739.4	451	35	3724.8	3372.4	10.4	416.3	332.7	25.1	35.1	39066	01/01/94
41	59	British Steel	3480.4	633	32	4191.0	4303.0	-2.6	80.0	-149.0	0.0	2.8	41300	02/04/94
42	0	Vendome	3480.2	495	111	1180.0	1031.0	14.5	196.0	190.0	3.2	16.1	0	31/03/94
43	42	British Airways	3448.8	301	13	6303.0	5566.0	13.2	301.0	185.0	62.7	12.9	49628	31/12/93
44	57	Rank Organisation	3331.2	461	63	2106.8	2012.4	4.7	276.6	125.8	119.9	14.8	41029	31/10/93
45	44	TSB Group	3329.1	112		N/R	N/R		301.0	5.0	5920.0 <	22.8	33484	31/10/93
46	58	Royal Bank of Scotland Group	3324.2	112		N/R	N/R		265.2	12.6	2004.8 <	19.7	22701	30/09/93
47	52	BOC Group	3301.7	622	46	3067.5	2731.2	12.3	337.6	215.0	57.0	18.0	38434	30/09/93
48	34	Kingfisher	3261.6	491	26	4479.4	3547.9	26.3	309.3	204.8	51.0	26.7	41587	29/01/94
49	46	Commercial Union	3259.4	151		N/R	N/R		211.0	24.0	779.2	0.0	22894	31/12/93
50	53	Pearson	3210.3	472	79	1870.1	1635.7	14.3	206.6	150.8	38.3	15.1	27276	31/12/93
51	41	Land Securities	3182.7	161		N/R	N/R		237.1	233.4	1.6	9.6	537	31/03/94
52	45	Argyll Group	3090.4	493	19	5607.7	5196.3	7.9	361.8	417.3	-13.3	17.7	68546	02/04/94
53	68	Granada Group	2951.9	461	86	1616.1	1340.0	20.5	176.0	130.2	35.2	26.7	28025	02/10/93
54	49	Scottish Power	2902.4	221	89	1568.6	1485.9	5.6	351.1	297.1	18.2	35.5	8135	31/03/94
55	60	Whitbread	2817.9	421	58	2360.0	2346.4	0.6	234.0	177.0	32.2	10.5	62389	26/02/94
56	50	Sun Alliance Group	2591.2	151		N/R	N/R		221.7	-129.6	0.0	0.0	17706	31/12/93
57	75	Scottish & Newcastle	2574.9	421	83	1759.8	1514.4	16.2	221.8	182.5	21.5	13.5	36830	01/05/94
58	54	Redland	2552.3	611	59	2216.3	1890.2	17.3	278.9	199.0	40.2	13.1	21358	31/12/93
59	39	Rothmans International	2529.1	425		0.0	0.0		0.0	0.0	0.0	0.0	0	
60	64	Standard Chartered	2523.7	112		N/R	N/R		401.0	202.0	98.5 <	47.6	30432	31/12/93
61	47	General Accident	2482.3	151		N/R	N/R		294.9	-29.3	0.0	0.0	11908	31/12/93
62	56	Tomkins	2479.3	671	42	3245.1	2059.5	57.6	257.1	171.0	50.4	26.5	45496	30/04/94
63	*78*	*Bank of Scotland*	*2420.8*	*112*		*N/R*	*N/R*		*289.0*	*125.0*	*115.2 a*	*21.5*	*18595*	*28/02/94*
64	63	Bowater Industries	2359.7	651	62	2112.1	1510.0	39.9	211.9	147.2	44.0	27.3	26400	31/12/93
65	70	Siebe	2310.1	591	80	1863.5	1618.6	15.1	217.2	185.1	17.3	20.8	29938	02/04/94
66	51	Lloyds Abbey Life	2293.8	141		N/R	N/R		323.6	297.6	8.7	0.0	10258	31/12/93
67	66	Associated British Foods	2280.8	451	29	4388.0	3954.0	10.9	338.0	297.0	13.8	18.0	49968	18/09/93
68	55	Inchcape	2245.8	171	15	5876.9	5036.7	16.7	271.4	250.1	8.5	28.6	38189	31/12/93
69	83	Rolls-Royce	2211.2	521	40	3518.0	3562.0	-1.2	76.0	-184.0	0.0	6.6	49200	31/12/93
70	84	Arjo Wiggins Appleton	2192.0	652	51	2727.0	2622.6	4.0	122.1	161.1	-24.2	9.3	18771	31/12/93
71	71	Rentokil Group	2158.2	622	177	588.1	437.9	34.3	147.0	108.4	35.6	71.1	22756	31/12/93
72	61	Legal & General Group	2152.0	141		N/R	N/R		181.0	116.1	55.9	0.0	7606	31/12/93
73	117	GKN	2133.3	571	68	2022.3	1993.5	1.4	97.5	121.8	-20.0	11.5	27487	31/12/93
74	85	Wolseley	2107.8	611	54	2491.0	1954.0	27.5	121.0	91.0	33.0	24.5	16318	31/07/93
75	80	North West Water	2057.2	221	134	924.2	877.9	5.3	269.0	247.1	8.9	13.3	8013	31/03/94
76	62	Reckitt & Colman	2028.3	431	65	2095.7	1933.9	8.4	260.1	165.3	57.4	54.9	21000	01/01/94
77	74	Blue Circle Industries	2016.6	611	84	1678.8	1370.1	22.5	165.6	93.8	76.5	12.2	20629	31/12/93
78	69	Thames Water	2012.2	221	120	1093.2	1042.8	4.8	241.7	251.3	-3.8	13.1	10141	31/03/94
79	96	Southern Electric	1970.2	221	82	1780.2	1796.5	-0.9	222.0	187.3	18.5	26.6	7391	31/03/94
80	79	Severn Trent	1965.6	221	127	998.0	904.6	10.3	281.4	270.1	4.2	12.9	10763	31/03/94
81	93	Williams Holdings	1961.8	591	108	1212.6	1036.4	17.1	153.2	161.3	-5.0	32.4	14912	31/12/93
82	76	Forte	1938.1	464	64	2106.0	2721.0	-22.6	121.0	164.0	-26.2	6.6	50000	31/01/94
83	98	Eastern Group	1912.6	221	81	1846.3	1915.8	-3.6	176.8	183.4	-3.6	20.3	7003	31/03/94
84	65	Enterprise Oil	1905.2	213	163	546.1	538.1	1.5	99.8	144.9	-31.1	6.8	657	31/12/93
85	101	Carlton Communications	1904.8	474	125	1004.7	635.2	58.2	126.1	100.2	25.8	26.4	7369	30/09/93
86	88	Asda Group	1878.6	493	22	4882.2	4613.8	5.8	-125.9	187.4	0.0	0.0	70515	30/04/94
87	95	RMC Group	1874.6	611	44	3169.9	3140.2	0.9	177.8	166.6	6.7	13.6	27635	31/12/93
88	73	Royal Insurance Holdings	1869.9	151		N/R	N/R		143.0	-27.0	0.0	0.0	13495	31/12/93
89	77	MEPC	1825.3	161		N/R	N/R		81.0	95.2	-14.9	7.2	1110	30/09/93
90	67	Ladbroke Group	1790.1	461	31	4268.7	4166.5	2.5	62.1	5.2	1094.2	6.3	55089	31/12/93
91	112	De La Rue	1774.7	472	176	592.7	559.5	5.9	129.8	104.7	24.0	31.5	7743	31/03/94
92	72	Courtaulds	1758.4	621	70	1995.3	2092.5	-4.6	121.6	186.2	-34.7	19.2	18000	31/03/94
93	90	Schroders	1757.3	121		N/R	N/R		195.6	105.7	85.2 <	36.1	2479	31/12/93
94	91	British Aerospace	1712.1	523	4	10760.0	9977.0	7.8	-237.0	-1201.0	0.0	0.0	96800	31/12/93
95	103	Burmah Castrol	1690.0	214	48	2757.8	2409.2	14.5	193.8	153.9	18.2	19.4	22038	31/12/93
96	92	TI Group	1621.6	566	99	1392.8	1149.3	21.2	125.2	87.4	43.2	21.0	24000	31/12/93
97	82	United Biscuits (Holdings)	1613.7	451	41	3446.3	3118.2	10.5	116.7	161.8	-27.9	12.6	39352	01/01/94
98	94	Anglian Water	1613.2	221	159	687.9	583.2	18.0	132.2	185.4	-28.7	9.4	6031	31/03/94
99	104	Caradon Group	1598.8	171	130	960.7	664.4	44.6	213.4	125.7	69.8	51.5	12884	31/12/93
100	108	Tate & Lyle	1598.3	451	36	3698.1	3294.0	12.3	222.5	189.5	17.4	17.7	15800	25/09/93
101	81	Guardian Royal Exchange	1592.9	151		N/R	N/R		751.0	150.0	400.7	0.0	7562	31/12/93
102	122	East Midlands Electricity	1581.2	221	93	1444.5	1570.0	-8.0	51.2	155.1	-67.0	9.8	7590	31/03/94
103	87	Sears	1568.4	492	69	2015.7	2037.6	-1.1	138.3	-47.8	0.0	11.7	40692	31/01/94
104	118	Midlands Electricity	1561.6	221	97	1416.5	1536.9	-7.9	195.4	167.1	16.9	23.7	6207	31/03/94
105	99	Smith & Nephew	1552.9	431	131	948.7	857.7	10.6	170.6	154.6	10.3	33.2	13099	31/12/93
106	107	BPB Industries	1506.5	611	114	1160.8	1124.5	2.3	107.7	57.5	87.3	13.1	11292	31/03/94
107	133	Lucas Industries	1501.8	671	65	2487.9	2439.3	2.0	-129.7	49.5	0.0	0.0	46196	31/07/94
108	115	London Electricity	1501.3	221	102	1308.4	1367.4	-4.3	186.5	145.5	28.2	27.9	5532	31/03/94
109	119	Yorkshire Electricity	1492.4	221	103	1307.9	1325.0	-1.3	149.0	156.3	-4.7	21.5	5764	31/03/94
110	123	Pilkington	1476.2	611	50	2737.4	2572.6	6.4	97.8	40.7	140.3	7.3	41100	31/03/94
111	86	Warburg S.G. Group	1466.7	121		N/R	N/R		297.0	148.2	100.4 <	35.0	3835	31/03/94
112	89	Coats Viyella	1392.8	412	56	2443.8	2109.8	15.8	150.3	109.1	37.8	17.8	78097	31/12/93
113	114	Laporte	1368.9	622	140	877.0	521.8	68.1	107.4	86.6	24.0	22.5	7330	02/01/94
114	130	Cookson Group	1344.3	621	94	1431.3	1237.5	15.7	95.0	59.9	58.6	14.0	13338	31/12/93
115	139	NORWEB	1332.0	221	92	1470.6	1413.5	4.0	178.3	157.1	13.5	26.3	8255	31/03/94
116	102	Scottish Hydro-Electric	1285.0	221	150	792.4	717.8	10.4	164.2	146.4	12.2	19.7	3552	31/03/94
117	131	Smiths Industries	1258.8	566	154	725.8	635.3	14.2	104.6	102.2	2.3	24.9	11535	31/07/93
118	100	NFC	1254.1	306	76	1901.6	1723.8	10.3	104.9	89.9	16.7	23.8	32955	02/10/93
119	97	BICC	1234.8	541	38	3614.0	3388.0	6.7	104.0	63.0	65.1	12.6	39151	31/12/93
120	121	Smith (W.H.) Group	1217.4	495	57	2441.6	2311.8	5.6	83.4	113.8	-26.7	15.6	30506	28/05/94
121	110	United Newspapers	1216.0	473	137	908.5	831.5	9.3	137.7	109.9	25.3	41.7	11846	31/12/93
122	128	Hillsdown Holdings	1198.8	451	25	4595.1	4373.0	5.1	162.3	154.1	5.3	14.0	43251	31/12/93
123	125	British Land	1195.7	161		N/R	N/R		53.9	34.6	55.8	8.4	295	31/03/94
124	109	Tarmac	1172.6	613	52	2689.2	2934.9	-9.1	-43.1	-350.3	0.0	0.0	24814	31/12/93
125	111	Harrisons & Crosfield	1172.6	512	60	2210.0	1933.0	14.3	98.0	85.0	15.3	13.9	30975	31/12/93

EUROPEAN ANALYSIS

FT500

Largest rises in rank

Rank change	Rank 1994	Rank 1993	Company	Country	Sector
325	143	468	Montedison	Ita	622
273	192	465	SAP	Ger	551
211	271	482	Outokumpu	Fin	634
192	280	472	KLM	Net	301
175	220	395	DSM	Net	622
163	138	301	Nokia	Fin	533
142	223	365	KNP BT	Net	652
130	173	303	Pinault-Printemps-Redoute	Fra	491
126	315	441	V.N.U.	Net	472
123	301	424	Kymmene	Fin	651
114	188	302	Christian Dior	Fra	432
103	215	318	Smurfit, Jefferson	Ire	652
93	199	292	GKN	UK	571
88	329	417	Gehe	Ger	433
84	206	290	Alusuisse-Lonza Holding	Swi	634
82	258	340	Krupp, Fried. AG H-K	Ger	633
75	377	452	Bon Marche	Fra	495
70	423	493	Aare-Tessin	Swi	221
68	186	254	Investor	Swe	131
67	112	179	Minorco	Lux	641
64	409	473	Swissair	Swi	301
63	190	253	Electrolux	Swe	402
61	276	337	OeMV	Aus	212
61	326	387	Enso-Gutzeit	Fin	652
61	371	432	Bekaert	Bel	633

Largest falls in rank

Rank change	Rank 1994	Rank 1993	Company	Country	Sector
-281	465	184	Banesto Group	Spa	112
-183	490	307	Euro Disney	Fra	461
-162	442	280	Metallgesellschaft	Ger	634
-154	295	141	GAN	Fra	151
-148	459	311	Fisons	UK	433
-140	482	342	Salvesen (Christian)	UK	302
-121	478	357	Volksfuersorge	Ger	151
-109	400	291	BET	UK	171
-108	494	386	Simco	Fra	161
-107	426	319	Trafalgar House	UK	171
-106	450	344	Burton Group	UK	491
-105	495	390	Britannic Assurance	UK	141
-104	475	371	AVA	Ger	491
-103	491	388	Sefimeg	Fra	161
-97	355	258	Northern Foods	UK	451
-97	370	273	Autopistas	Spa	304
-95	282	187	Pechiney International	Fra	672
-92	451	359	Toro (Assicurazioni)	Ita	151
-87	330	243	BICC	UK	541
-87	432	345	Orkla	Nor	591
-86	438	352	Kwik Save Group	UK	493
-84	349	265	Credit Foncier de France	Fra	121
-83	246	163	RAS	Ita	151
-82	352	270	Fondiaria	Ita	151
-82	365	283	English China Clays	UK	631

Most profitable companies

Rank	Company	Country	Sector	Rank 1994	ROCE
1	Emap	UK	473	489	208.6
2	Wolters Kluwer	Net	472	136	121.2
3	Reed Elsevier	Nuk	472	41	93.8
4	Rentokil Group	UK	622	197	71.1
5	WPP Group	UK	475	471	67.6
6	Vodafone	UK	223	65	64.2
7	Polygram	Net	461	66	62.8
8	Berendsen (Sophus)	Den	461	316	56.1
9	Reckitt & Colman	UK	431	207	54.9
10	Astra	Swe	433	29	52.3
11	Hays	UK	481	348	51.6
12	Caradon Group	UK	171	267	51.5
13	Hennes & Mauritz	Swe	491	356	49.5
14	Electrocomponents	UK	551	406	48.3
15	Zeneca	UK	433	48	48.3
16	Compass Group	UK	464	483	48.2
17	Mercury Asset Management	UK	122	357	48.1
18	Reuters Holdings	UK	474	46	47.6
19	Standard Chartered	UK	112	164	47.6
20	SIDEL	Fra	622	485	46.7
21	TF1	Fra	474	314	45.9
22	Wellcome	UK	433	75	44.6
23	MFI Furniture Group	UK	406	484	43.9
24	Audiofina	Lux	474	362	43.5
25	Lloyds Bank	UK	112	55	43.2

Least profitable companies

Rank	Company	Country	Sector	Rank 1994	ROCE
1	Elf Aquitaine	Fra	212	17	1.7
2	Investor	Swe	131	186	2.3
3	Enso-Gutzeit	Fin	652	326	2.4
4	Man	Ger	566	242	2.8
5	British Steel	UK	633	119	2.8
6	Badenwerk	Ger	221	233	3.0
7	Isar Amperwerke	Ger	221	229	3.2
8	Berliner Kraft und Licht	Ger	221	311	3.3
9	Banque Nationale de Paris	Fra	112	78	3.6
10	Bergesen d.y. Group	Nor	303	470	3.7
11	Preussag	Ger	634	149	3.8
12	Skandinaviska Enskilda Banken	Swe	112	208	4.0
13	Swissair	Swi	301	409	4.1
14	Navigation Mixte	Fra	171	257	4.3
15	Fisons	UK	433	459	4.4
16	Veba	Ger	171	23	4.7
17	RWE	Ger	221	62	4.8
18	Burton Group	UK	491	450	4.8
19	BASF	Ger	622	51	4.8
20	EVN	Aus	221	478	4.9
21	Daimler-Benz	Ger	401	10	4.9
22	HEW	Ger	221	454	5.4
23	Alusuisse-Lonza Holding	Swi	634	206	5.5
24	Viag	Ger	622	85	5.7
25	Societe Generale de Belgique	Bel	171	137	6.1

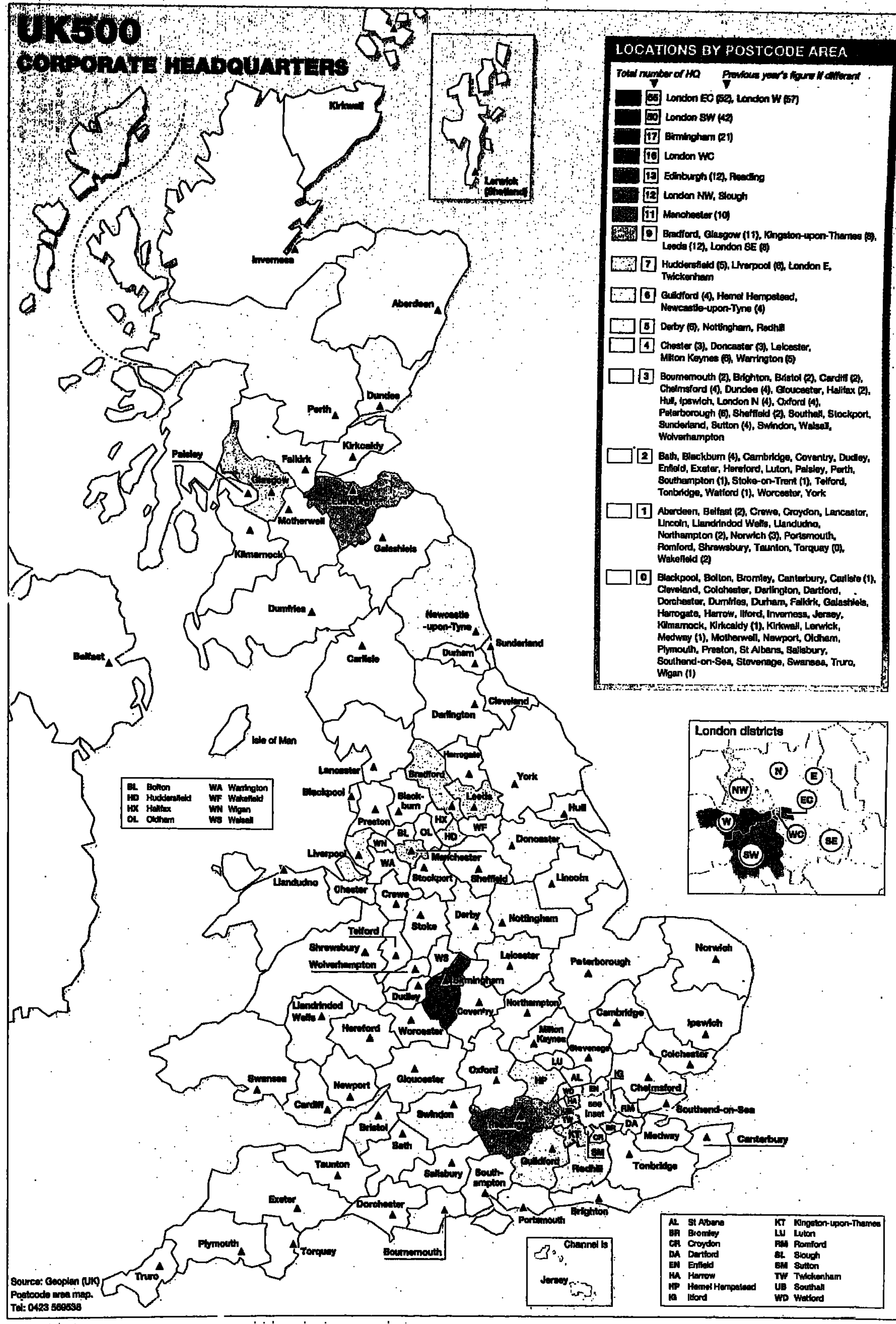
Largest swings to profit

Rank	Company	Country	Sector	Rank 1994	Change $m
1	Barclays	UK	112	28	1416.3
2	Imperial Chemical Industries	UK	622	65	1188.6
3	Philips	Net	541	60	1165.6
4	Skandinaviska Enskilda Banken	Swe	112	208	996.7
5	Unidanmark	Den	112	347	903.8
6	Den Danske Bank	Den	112	240	898.3
7	Skandia Forsakring	Swe	152	359	687.9
8	Skanska	Swe	613	291	678.5
9	Komercni Banka	Cze	112	384	600.0
10	Den norske Bank	Nor	112	397	591.6
11	Sun Alliance Group	UK	151	157	549.9
12	General Accident	UK	151	169	507.5
13	Rolls-Royce	UK	521	191	407.0
14	KLM	Net	301	280	392.2
15	British Steel	UK	633	119	358.5
16	Svenska Handelsbanken	Swe	112	241	337.9
17	Sears	UK	492	273	291.3
18	Royal Insurance Holdings	UK	151	232	266.1
19	Stora	Swe	651	195	259.5
20	Repola	Fin	591	214	236.8
21	BET	UK	171	400	159.4
22	Codan Group	Den	151	463	156.0
23	Associated British Ports	UK	303	388	154.5
24	Outokumpu	Fin	634	271	146.8
25	SSAB	Swe	633	437	121.3

Largest swings to loss

Rank	Company	Country	Sector	Rank 1994	Change $m
1	British Gas	UK	222	16	-2264.0
2	Volkswagen	Ger	401	90	-1444.9
3	Fiat	Ita	401	33	-1408.2
4	Metallgesellschaft	Ger	634	442	-1308.4
5	Peugeot	Fra	401	91	-1292.1
6	Thyssen	Ger	633	114	-1035.3
7	Euro Disney	Fra	461	490	-943.4
8	Michelin	Fra	574	148	-870.5
9	Solvay	Bel	622	175	-557.8
10	Trafalgar House	UK	171	426	-526.0
11	Asda Group	UK	493	228	-490.5
12	Mannesmann	Ger	566	68	-429.5
13	OeMV	Aus	212	276	-367.7
14	Lucas Industries	UK	571	285	-280.5
15	Ferruzzi Finanziaria	Ita	171	401	-231.8
16	DSM	Net	622	220	-221.7
17	Krupp, Fried. AG H-K	Ger	633	258	-211.8
18	GIB Group	Bel	491	420	-204.2
19	Chargeurs	Fra	171	382	-163.7
20	Nokia	Fin	533	138	-119.0

FT500



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UK TOP 500

Reinvented companies find success

Jane Fuller reports on a year in which perhaps the most significant factor was a total of 223 new issues, raising £10.4bn

It was a year of contradictions for UK companies. For some, a resurgence of profits was met by a decline in share price; for others, the failure of the UK consumer to join in the recovery spoilt their stories.

Meanwhile, some of the biggest successes came from companies that have virtually reinvented themselves. The biggest riser in the top 500 UK companies, Berisford International (up 138 places at 286), falls into the third category. The conglomerate was almost written off in 1990 after coming to grief in the New York property market. Since 1992, the new management has made 40 disposals and early last year it started to rebuild the group with the acquisition of Magnet, the kitchens and joinery company.

That £56m purchase was funded by a 1-for-2 rights issue at 120p – and the shares jumped to 232p when trading resumed on February 1, 1994. Berisford ended the year with the acquisition of another kitchens group, Welbilt, of the US.

Another high riser, Stakis (up 88 at 233), *was also on its knees early in the decade.* It, too, shed fringe operations and greatly reduced debt, giving it scope to expand its hotels and casinos businesses, as well as ensuring a profits recovery.

Burford Holdings, the second highest riser (up 119 at 282), seemed to spring from nowhere, although its entrepreneurial leader Nigel Wray had been involved in other rapid-growth companies. The property group followed up February's £103m acquisition of a property portfolio from Ladbroke with the £94m purchase of the Trocadero, a landmark property in London's West End.

Another young company, headed by Richard Budge, caught the City's eye during the year and has since in effect refloated as a much larger concern. In October, RJB Mining (up 55 at 407), a company which had joined the market only in 1993, emerged as the UK government's preferred bidder for the English coal mines. It ended up paying £815m for them, funded partly by a £400m share issue.

But RJB has a long way to go to catch other privatised businesses, three of which – BT, British Petroleum and British Gas – remain in the UK top 10. The telecommunications group has, however, been deposed as number one. Its market value stood at about £27bn at the end of September 1993, but had fallen to £22.7bn a year later as competition began to bite. Similar concerns, plus the slump in the Hong Kong stock market, affected BT's rival, Cable & Wireless (down four at 16), which has a stake in Hong Kong Telecom.

While Shell Transport & Trading, the UK side of Royal Dutch/Shell, gained the top spot with a modest increase in its market value to £23.2bn, its progress was far less pronounced than that of BP. Both groups enjoyed an improved outlook for oil prices, but the latter also reaped the benefits of rehabilitation – something the efficient Shell had never needed.

Other big movers in the top 20 included RTZ *(up nine to 12), where rising metal* prices allowed it to make the most of its low-cost base. The biggest faller was GEC (down six at 19). Its £3bn cash pile earns a low return and earnings growth potential is seen as unexciting.

The defence and electronics group did, however, provide some drama later in the year by joining the bidding for the submarine maker VSEL. Its rival bidder (in an auction suspended by a Monopolies and Mergers Commission inquiry) is BAe – another potential target for GEC.

While GEC showed only modest first-half profits growth, even those companies showing big profit rises did not necessarily see their share prices rise. In the case of banks, such as TSB Group (down one at 45), the main plus was the evaporation of huge charges for bad debts. With borrowers remaining cautious and competition intense, a question mark remained over growth in the underlying business.

For the insurers, such as Commercial Union which more than doubled pre-tax profits for the nine months to September 30, the stock market was looking beyond the recovery in premiums and the better claims experience to the intensification of competition, notably from direct telephone-based sellers. CU slipped three places in the rankings to 49, while Guardian Royal Exchange, also a big profits improver, fared worse partly because of the poor performance of its life and pensions business.

Just as profit increases were no guarantee of buoyant shares, profit slides did not necessarily lead to underperformance. First Choice Holidays features in both the table of profits falls *and* in that of largest risers in the rankings (up 58 at 375).

Until August, the company's name was Owners Abroad and under that name in 1993 it repelled a bid from its rival Airtours, but then issued a profits warning. The shares improved after new management announced a restructuring plan, *including a rationalisation of the holiday* brands.

But despite some of these apparently contrary moves in share prices, the worst *performers in the UK rankings were all* punished for springing nasty surprises on the profits front. Micro Focus, the software group (down 181 at 488), had the furthest to fall because of its heady performance in 1993. During the year, its first-half profits came in well below expectations.

Both Asprey (down 148 at 452) and Geest (down 148 at 444) issued profits warnings. The former saw some of its richest customers drift away. The latter had an equally exotic excuse: a tropical storm, which severely damaged banana production in the Windward Islands.

But the year ultimately belonged to new issues – of which there were 223, raising £10.4bn. Although many of the debutants were small, 18 of them made it into the UK top 500, with Capital Shopping Centres and House of Fraser entering at 182 and 213 respectively. They were only bettered by Vendôme, which was created from the luxury businesses of Richemont, Rothmans and Dunhill – hence the last-named's departure.

Other exits perhaps provide the best pointer to 1995: Central Independent TV, *its London-based rival LWT and Invergordon* Distillers were all taken over.

BRITAIN'S CORPORATE BASES

South-east continues its dominance

Nearly three-fifths of Britain's top 500 companies have their headquarters in the south-east of England, with two-thirds of that total – 207 altogether – in London itself.

The evidence for London's continuing overwhelming dominance as the location where UK companies feel they must have their main bases emerges from an analysis of UK500 addresses, a list of which will be included in an expanded version of this survey to be published next month.*

*Within London itself the biggest concen*trations of company headquarters are in the City and the West End, with a total of 55 in both areas. South-west London, the area incorporating Knightsbridge and Chelsea, and extending south into Wimbledon contributes a further 50, with the West Central postal district – between the West End and the City accounting for a further 16.

Of Britain's big cities, Birmingham with 17 corporate headquarters (four fewer than in last year's list) emerges as the next most important location, the total rising to 27 if those in the city's wider conurbation are included.

Manchester with 11 lies behind Edinburgh and Reading (13) and Slough and North West London (12), but is ahead of Leeds and Glasgow, both of which have nine corporate headquarters apiece.

The greater Leeds conurbation, embracing Bradford, Halifax, Huddersfield and Wakefield, is home to a total of 29 companies, however, with Bradford itself boasting as many as its higher profile Yorkshire neighbour. Liverpool on its own has seven corporate headquarters, but, if neighbouring Warrington and Chester are included, the total rises to 15.

The analysis based on postcode areas – in effect Britain's city regions – shows that Scotland's share of Britain's biggest companies fell slightly, its total dropping from 33 in 1993 to 30 in 1994. It still does much better than Wales, however, with only eight corporate headquarters, two of which are former utilities, and Northern Ireland, which has one.

Most of Britain's medium-sized cities are host to no more than a handful of big names. Newcastle with six, Derby and Nottingham with five apiece do well, but Sheffield, Bristol, Cardiff, Hull, Sunderland, Oxford and Ipswich with three each lie behind former new towns Hemel Hempstead (6) and Milton Keynes (4).

In the European list the UK's position as the main centre of quoted companies is gradually being eroded as other stock markets grow in importance. The UK has 175 entries in the list with a total capitalisation of $854bn, compared with 187 a year earlier valued at $828.5bn. Surprisingly both France – 74 compared with 77 – and *Germany, 63 compared with 67, are also* down. The stock market capitalisation of Germany's companies remains as last year, however, ahead of that of France's big groups at $359bn compared with $316.9bn.

Countries with increased representation in the list include the Netherlands – 22 companies, with four joint UK/Netherlands corporations, this year, compared with 17, of which three were Anglo-Dutch businesses, a year earlier.

The Swiss total is up from 26 companies (market capitalisation $189.7bn) to 28 ($222.5bn) and Italy has 29 compared with 25, with the capitalisation of its predominantly lower ranking companies growing impressively from $84.7bn in 1993 to $124.5bn in this year's figures. Spain, whose 23 companies last year had a marginally higher capitalisation than those from Italy, slips back in the latest list, its 22 entrants being valued at $87.4bn.

Among the smaller European economies, Ireland now has five companies in the latest top 500, valued at $10.6bn, compared with four valued at $7.7bn a year earlier. Finland's *seven companies* in this year's list is one fewer than last year but market capitalisation has grown from $10.7bn to $16.9bn.

For the first time, too, eastern Europe makes an appearance in the list. The Czech Republic's two companies – one more than Portugal – had a market capitalisation of $4.7bn.

**Copies of the FT500 reprint, including names, addresses telephone and fax numbers of the top 500 companies in UK and Europe, obtainable from February from: Publicity Department, Financial Times, One Southwark Bridge, London, SE1 9HL. Tel: +44 (0)171 873 3213 Fax: +44 (0)171 873 3072. Price 12£. UK cheques only, or send credit card details, including expiry date and signature*

Rhys David

Largest increase in profit

Rank	Company	Country	Sector	Rank 1994	% change
1	TSB Group	UK	112	123	5920.0
2	Royal Bank of Scotland Group	UK	112	124	2004.8
3	Ladbroke Group	UK	461	243	1094.2
4	British Petroleum	UK	212	5	1062.5
5	Commercial Union	UK	151	128	779.2
6	Metsa-Serla	Fin	652	449	743.1
7	WPP Group	UK	475	471	599.7
8	Bergesen d.y. Group	Nor	303	470	560.0
9	Zeneca	UK	433	48	529.4
10	Suez (Compagnie Financiere de)	Fra	112	92	461.9
11	Hammerson	UK	161	428	403.8
12	Guardian Royal Exchange	UK	151	269	400.7
13	Investor	Swe	131	186	400.0
14	Orkla	Nor	591	432	317.8
15	Storehouse	UK	491	469	310.5
16	RAS	Ita	151	246	286.8
17	Norsk Hydro	Nor	214	80	244.0
18	National Westminster Bank	UK	112	42	169.5
19	Svenska Cellulosa	Swe	651	216	168.3
20	Pilkington	UK	611	289	140.3
21	Baer Holdings	Swi	112	500	138.1
22	Deutsche SB-Kauf	Ger	493	351	135.2
23	Ericsson LM	Swe	533	52	128.3
24	Bank of Ireland	Ire	112	325	125.3
25	Bankgesellschaft Berlin	Ger	112	110	121.6

Largest decrease in profit

Rank	Company	Country	Sector	Rank 1994	% change
1	Fisons	UK	433	459	-99.2
2	Pechiney International	Fra	672	282	-76.4
3	Delhaize	Bel	492	320	-75.6
4	Elf Aquitaine	Fra	212	17	-70.3
5	East Midlands Electricity	UK	221	270	-67.0
6	Preussag	Ger	634	149	-62.8
7	Banque Nationale de Paris	Fra	112	76	-56.1
8	Continental	Ger	574	415	-52.3
9	Banesto Group	Spa	112	465	-51.9
10	Sainsbury J	UK	493	53	-49.7
11	Bayerische Motoren Werke	Ger	401	72	-46.9
12	Man	Ger	566	242	-45.8
13	Saint-Gobain	Fra	611	63	-45.4
14	Badenwerk	Ger	221	233	-44.6
15	Daimler-Benz	Ger	401	10	-44.5
16	Hoechst	Ger	622	44	-41.8
17	Bouygues	Fra	613	298	-38.7
18	ABB Asea Brown Boveri	Swe/I	541	34	-37.0
19	Alusuisse-Lonza Holding	Swi	634	206	-36.3
20	Swissair	Swi	301	409	-35.6
21	Courtaulds	UK	621	247	-34.7
22	Fecsa	Spa	221	481	-34.4
23	Linde	Ger	566	169	-34.3
24	AGF	Fra	151	111	-31.6
25	Enterprise Oil	UK	213	225	-31.1

Sector profitability

Sector	Companies	ROCE	Sector	Companies	ROCE	Sector	Companies	ROCE
Broadcasting media	5	38.3	Retail dept store/gen merchandise	16	17.7	Natural gas utilities	2	11.0
Diversified Holding Companies	19	33.0	Retail - grocery stores	13	16.9	Transport/storage & warehousing	13	10.8
Business servs & computer software	4	29.2	Telephone companies	7	16.5	Chemicals - diversified	17	10.2
Drugs	13	27.9	Beverages & tobacco	13	16.3	Oil - Internationals/crude producers	8	9.7
Publishers inc newspapers	10	24.9	Oil - Petroleum Products	3	15.8	Mining & extractive industries	12	9.5
Advertising	2	24.3	Communications & office equipment	3	15.4	Aerospace/defence/aircraft manu	3	9.2
Health care/cosmetics	5	23.4	Chemicals	4	15.1	Restaurants & hotels	3	9.1
Electronics/instrumentation	3	22.3	Household durables & consumer goods	7	14.9	Construction	7	9.0
Food Processors	18	20.7	Fabricated metal prods & containers	4	14.7	Electrical equipment	9	8.9
Commercial Banks	58	19.9	Financial Services	6	14.0	Paper & paper products	6	8.6
Diversified Industrial manu	9	19.7	Wholesale - nondurables	1	13.9	Machinery (composite)	10	8.6
Financial Institutions	7	19.1	Heavy shipbuilding & engineering	1	13.8	Property	8	7.9
Retail - speciality	6	19.1	Forestry products	6	11.6	Automobiles	2	5.2
Entertainment & leisure	5	18.6	Construction & building materials	17	11.6	Investment Companies	1	2.3
Apparel/textile producers	1	17.8	Electric & water utilities	46	11.6			

Market capitalisation by sector

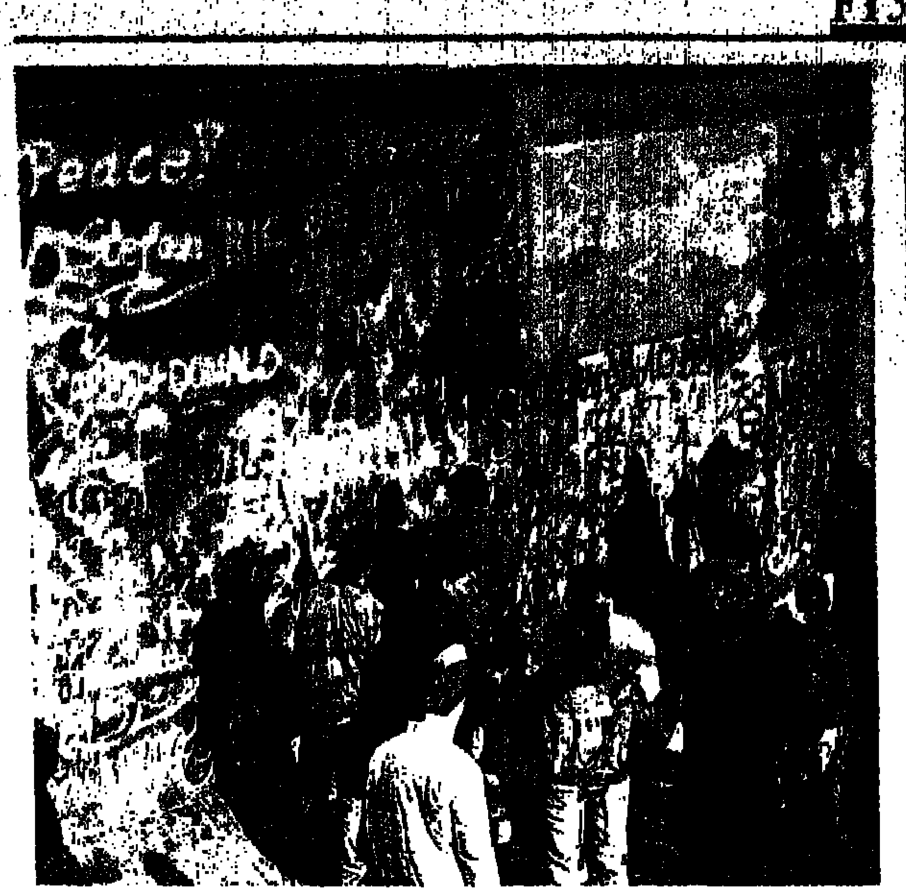
Sector	Companies	$m	Sector	Companies	$m
Commercial Banks	60	339250.1	Natural gas utilities	3	25009.5
Oil - Internationals/crude producer	10	185389.9	Health care/cosmetics	5	23909.0
Insurance/multiline/property	33	176691.2	Broadcasting media	5	22460.5
Chemicals - diversified	20	168104.0	Property	8	19449.7
Electric & water utilities	46	150717.2	Auto parts tyre & rubber	7	18574.7
Drugs	14	118441.7	Insurance/life/agents & brokers	5	18182.5
Diversified holding companies	22	115328.4	Construction	8	17163.9
Food processors	18	112116.9	Forestry products	6	16515.6
Telephone companies	7	104489.1	Chemicals	4	15828.3
Beverages & tobacco	13	84650.7	Paper & paper products	7	15247.3
Automobiles	6	70287.0	Oil - petroleum products	3	13255.7
Electrical equipment	9	69594.0	Retail - speciality	6	12904.4
Retail - dept store/gen merchandise	18	62121.5	Household durables & consumer goods	7	11716.6
Retail - grocery chains	14	62121.5	Financial services	6	10358.2
Mining & extractive industries	18	56105.1	Fabricated metal prods & containers	4	10340.1
Construction & building materials	18	53298.0	Business serv & computer software	5	8957.1
Transport/storage & warehousing	15	47783.8	Aerospace/defence/aircraft manu	4	8709.2
Machinery (composite)	15	40382.8	Restaurants & hotels	3	7084.4
Diversified Industrial Manu	9	37407.6	Advertising	2	5138.7
Publishers inc newspapers	10	34706.4	Investment companies	2	4964.6
Communications & office equipment	5	32973.8	Apparel/textile producers	1	2180.3
Entertainment & leisure	6	28173.2	Wholesale - nondurables	1	1835.6
Financial institutions	7	27047.5	Heavy shipbuilding & engineering	1	1812.6

Market capitalisation by country

Country	Companies	$m
United Kingdom	175	854317.9
Germany	63	359086.2
France	73	316869.8
Switzerland	28	222513.9
Netherlands/UK	4	143905.3
Italy	29	124529.3
Netherlands	18	101363.0
Spain	22	87412.7
Sweden	24	85464.6
Belgium	19	59230.7
Denmark	10	26780.5
Norway	7	17346.4
Finland	7	16065.6
Sweden/Switzerland	1	13954.3
Austria	6	13878.3
Luxembourg	4	10809.1
Ireland	5	10618.3
Belgium/Netherlands	1	5608.7
Czech Republic	2	4747.4
UK/France	1	3645.2
Portugal	1	1507.4

Europe's top employers (worldwide operations totals)

Rank 94	Rank 93	Company	Country	Sector	Rank 1994	Employees
1	1	Siemens	Ger	541	12	391000
2	2	Daimler-Benz	Ger	401	10	371107
3	3	Unilever plc/NV	Nuk	451	7	294000
4	4	Fiat	Ita	401	33	260951
5	5	Volkswagen	Ger	401	90	253108
6	6	Philips	Net	541	60	252214
7	7	Nestle	Swi	451	4	209755
8	8	ABB Asea Brown Boveri	Swe/I	541	34	206400
9	10	Generale des Eaux	Fra	221	61	204307
10	9	Alcatel Alsthom	Fra	533	38	196500
11	11	BAT Industries	UK	171	13	190308
12	12	Hoechst	Ger	622	44	172483
13	13	BT	UK	223	3	165700
14	14	Bayer	Ger	622	26	153866
15	16	Thyssen	Ger	633	114	148272
16	15	Peugeot	Fra	401	91	143900
17	17	Accor	Fra	464	237	143740
18	19	STET	Ita	171	49	139101
19	18	Mannesmann	Ger	566	68	131422
20	20	BTR	UK	591	21	129814
21	22	Veba	Ger	171	23	128348
22		Sainsbury J	UK	493	53	124841
23	21	Michelin	Fra	574	148	124575
24	23	Lyonnaise des Eaux-Dumez	Fra	221	129	120038
25		RWE	Ger	221	62	117958


A period of geopolitical and corporate changes: the fall of the Berlin wall ...


... and the privatisation of state-run businesses. Thames Water ring main is prepared for flooding

A LOOK BACK OVER 13 YEARS

Great changes but Shell stays top

Martin Dickson reviews the history of the FT500 and examines the fate of companies since 1982

It is 13 years since the FT began publishing its annual table of Europe's top 500 companies and a look back at changes in the rankings of the top 25 companies over that time gives an insight into change and continuity in recent European corporate history.

The period encompasses some great changes in the corporate and geopolitical landscape, including the fashion for the privatisation of state-run businesses, which began in the UK and is now spreading across continental Europe; the great merger wave of the mid to late 1980s, which saw the emergence of new, predatory conglomerates; the increasing integration of the European Union, encouraging cross-border acquisitions; and the collapse of the Soviet Union and re-unification of Germany.

The price of crude oil, which averaged around $32 a barrel in 1982, is now half that in nominal terms and much lower still on a real, inflation-adjusted basis.

Despite these upheavals, the company which ranked first in the 1982 table still occupies that place in 1994. Royal Dutch/Shell, the oil company, has enjoyed solid growth despite the volatility of the oil price cycle and it seems certain to dominate the list for many years to come. Its market capitalisation, at $94bn, is more than double that of second-placed Roche Holdings.

Still, no company can afford complacency – a fact underlined by a review that Shell is currently undertaking into its headquarters structure, with the aim of making the group more nimble.

Among other energy companies, British Petroleum, which ranked second in 1982, has slipped to fifth place in the 1994 rankings, although it is up from 12th place in 1992, when a boardroom coup plunged the company into crisis and undermined stock market confidence.

Oil group Elf Aquitaine of France, ranked 34 in 1982, has risen to 17th position in the latest table while Veba of West Germany, 31st in 1982, now stands at 23, helped by expansion of its utility interests into eastern Germany, an upswing in the chemicals cycle and cost-cutting.

The most successful pharmaceuticals companies have been stock market favourites over the past decade – at least until US President Bill Clinton's crackdown on healthcare costs took some of the shine off drugs stocks.

So it is not surprising that a feature of the FT500 is the strong performance of pharmaceuticals companies. The most impressive is Roche Holdings of Switzerland, which ranks second in the 1994 table, compared to 26th in the 1982 one. Roche has enjoyed a very strong financial performance and its current strategy – focusing on developing leading edge drugs and diagnostic equipment – has gone down better with the market recently than the diversification strategies pursued by its big, Basle-based rivals, Ciba and Sandoz.

Still, Sandoz, once regarded as the slowest and most inward-looking of the Swiss trio, has risen from 63 in the rankings to 18, while Ciba is up from 27 in 1982 to 24.

However, three large German chemical companies – Bayer, BASF and Hoechst – have dropped out of the top 25, falling respectively to 26, 51 and 44 in the 1994 rankings.

Privatisation accounts for some big changes in the rankings since 1982. British Telecom, which gained a stock market listing in 1984, ranks third in the 1994 table, while British Gas, which floated in 1986, is 16th.

Telecom Italia, the telecommunications business formed recently from a group of smaller companies, and in which the state has a significant interest, comes into the rankings at 25.

The privatisation of Deutsche Telecom, set for 1996, will add another huge new communications group to the top 500 rankings.

Another theme highlighted by changes in the rankings is the rise of companies with a reputation for taking over inefficient businesses and making them much more profitable.

At the start of the 1980s both Hanson and BTR, the best-known British companies in this category, were in the early stages of the acquisitions which have turned them into two of Europe's biggest businesses. Hanson, which was 106th in the 1982 table, now ranks in 19th position, while BTR, which was 41, is now 21.

HSBC Holdings, the Hong Kong banking group which took over Britain's Midland Bank for £3.9bn in 1992 and is now headquartered in London, has joined the European 500, where it ranks in 8th position, compared to the 62nd position occupied by Midland in 1982.

Among other financial institutions, the three big Swiss banks have dropped down the table somewhat, with Union Bank of Switzerland dipping from 4 to 11, Swiss Bank Corporation from 12 to 57, and Credit Suisse from 15 to 36. Deutsche Bank is in 14th position – precisely the same as in 1982.

Allianz Holdings, the German insurance group, is another notable gainer in the table, rising from 35th position in 1982 to 6th in 1994. It has made a string of acquisitions over the past decade in the UK, France and Italy, turning it into a Pan-European operation, and later moved into the US, buying the Fireman's Fund group in 1990.

Companies which have slipped notably in the rankings include Britain's General Electric Company, down from third place in 1982 to 45th in 1994, and the UK's Great Universal Stores, which has slipped from 21 to 73.

RWE, the German energy-based conglomerate, has fallen from 16th to 62nd, despite a management shake-up in the late 1980s which has turned the company from a rather sleepy giant into an aggressively acquisitive business.

But some companies have disappeared from the top 25 for more positive reasons: ICI, the British chemicals group, has dropped from 10th position to 65th because it has demerged its pharmaceuticals business, renamed Zeneca.

And Racal Electronics, the British company which was 24th in 1982, has dropped from the rankings after demerging its immensely profitable Vodafone cellular telephone business and, separately, its Chubb Security subsidiary. The combined market capitalisation of the three groups has soared, largely thanks to Vodafone's growth, which underlines that biggest is not necessarily best.

■ Top 25 European companies 1982 with 1994 ranks

Company	Country	1982 rank	1994 rank	Sect
Royal Dutch/Shell	Nuk	1	1	212
British Petroleum	UK	2	5	212
General Electric Company	UK	3	45	541
Union Bank of Switzerland	Swi	4	11	112
Marks and Spencer	UK	5	20	491
Daimler-Benz	Ger	6	10	401
Unilever	Nuk	7	7	451
Siemens	Ger	8	12	541
Nestle	Swi	9	4	451
Imperial Chemical Industries[1]	UK	10	65	622
Beecham Group[2]	UK	11	22	433
Swiss Bank Corporation	Swi	12	57	112
BAT Industries	UK	13	13	171
Deutsche Bank	Ger	14	14	112
Credit Suisse[3]	Swi	15	36	112
RWE	Ger	16	62	221
Bayer	Ger	17	26	622
Generali (Assicurazioni)	Ita	18	15	151
Grand Metropolitan	UK	19	39	421
Barclays	UK	20	28	112
Great Universal Stores	UK	21	73	403
Glaxo Holdings	UK	22	9	433
BASF	Ger	23	51	622
Racal Electronics[4]	UK	24		551
Hoechst	Ger	25	44	622

1 Demerger of Zeneca in 1993; 2 1994 rank for SmithKline Beecham, 3 1994 rank for CS Holdings; 4 Demerger of Vodafone in 1991 and Chubb Security in 1992

■ Top 25 European companies 1994 with comparisons since 1982

1994 rank	Company	Country	Sect	1982 rank	1987 rank	1992 rank
1	Royal Dutch/Shell	Nuk	212	1	1	1
2	Roche Holding	Swi	622	26	27	6
3	BT[1]	UK	223		3	3
4	Nestle	Swi	451	9	11	5
5	British Petroleum	UK	212	2	2	12
6	Allianz Holding	Ger	151	35	15	7
7	Unilever plc/NV	Nuk	451	7	6	4
8	HSBC Holdings[2]	UK	112	62	147	10
9	Glaxo Holdings	UK	433	22	5	2
10	Daimler-Benz	Ger	401	6	4	13
11	Union Bank of Switzerland	Swi	112	4	12	25
12	Siemens	Ger	541	8	7	8
13	BAT Industries	UK	171	13	13	9
14	Deutsche Bank	Ger	112	14	16	10
15	Generali (Assicurazioni)	Ita	151	18	8	23
16	British Gas[3]	UK	222		14	14
17	Elf Aquitaine	Fra	212	34	39	18
18	Sandoz	Swi	433	63	44	20
19	Hanson	UK	171	106	20	16
20	Marks and Spencer	UK	491	5	18	22
21	BTR	UK	591	41	25	21
22	SmithKline Beecham[4]	UK	433	11	32	11
23	Veba	Ger	171	31	31	35
24	Ciba	Swi	622	27	28	24
25	Telecom Italia[5]	Ita	223	101		149

1 Listing November 84; 2 1982 and 1987 ranks for Midland Bank; 3 Listing December 1986; 4 1982 and 1987 ranks for Beecham; 5 1982 and 1992 ranks for SIP

Profile: ROCHE

What it takes to succeed in drugs

Ian Rodger looks at the reasons behind the Swiss group's rise to second place in Europe behind Shell

It happens so often. Immediately after a company achieves wide recognition, it goes through a bad patch.

A year ago, Roche, the Swiss pharmaceuticals and vitamins group, jumped up the ranks of Europe's most highly valued companies to third place. It surpassed Merck of the US to become the world's most highly-valued drugs group.

At the time, other leading drugs groups were reporting depressed margins because of increasing pressure on them by governments to reduce prices. But Roche seemed to be immune, achieving a 29 per cent surge in consolidated net income in 1993 for the second successive year.

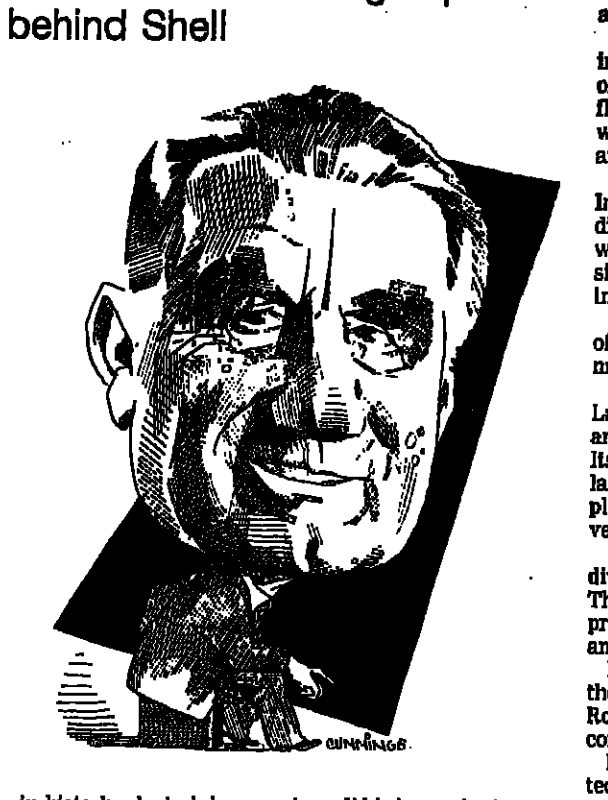
Then the earth started to tremble. World bond markets and the Swiss stock market went into sharp decline in February. A large part of Roche's income comes from investing its SFr12.1bn cash pile so it could not avoid damage. In early May, investors were shaken by the group's generous $5.3bn agreed cash bid for Syntex, a US drugs company that seemed in serious decline after its best-selling drug lost patent protection.

In early July, Roche confirmed suspicions that it was not immune after all to government cost-cutting pressures. In a preliminary interim report, it revealed that its drug sales growth had nearly stopped. A few days later, the group's non-voting certificates stood at SFr5,160, 30 per cent below their peak six months earlier.

Since then, Roche officials have been able to repair much of the damage to their image, notably with a detailed interim financial report in early September showing respectable profit growth and a forecast of "a further significant rise" in the full year.

The certificates have climbed back above SFr5,800. At that level, with a helpful push from the strong Swiss franc, the group's market capitalisation has advanced by more than a quarter in dollar terms in the past year to $44.9bn. That has been enough to send it easily past a sagging BT into second place on the FT500 list.

To most pharmaceutical analysts, Roche remains among the most impressive groups in its industry. It has leading positions in the treatment sectors in which it competes, a promising pipeline of new drugs, a big stake in biotechnological drugs and a solid balance sheet.



Roche's enviable position is in large measure due to the leadership of Fritz Gerber, *(above)*, an unassuming insurance executive brought in by the controlling Hoffmann-LaRoche family in 1978 when the group was flagging after its global triumphs with Valium and Librium.

Amiable but tough, Mr Gerber forced the group's researchers to come down from the clouds and concentrate on realistic projects. He then engineered acquisitions to strengthen Roche's weaker divisions and sold off agricultural chemicals when a good opportunity arose.

The over-the-counter medicines division was boosted to internationally competitive size with the $821m purchase of Nicholas, maker of Aspro and Rennie, in 1991. The flavours and fragrances division became No 2 in its sector with the acquisition of Fritzsche, Dodge and Olcott in 1990 and the merger of Givaudan and Roure the year after.

Diagnostics, a former loss maker, has been transformed. In 1991, the group paid $300m to a US company for a diagnostic technology, polymerase chain reaction (PCR), which analyses blood or tissue for various diseases. It has since spent several hundred million dollars to get PCR into marketable form.

With PCR kits, technicians can test for HIV in a matter of hours rather than the several weeks required by former methods, and with greater accuracy.

Last month, the group merged its Roche Biomedical Laboratories in the US with National Health Laboratories, another US diagnostics group, to create a $1.7bn company. Its 40 laboratories will make the new company one of the largest in the US. Roche contributes its 17 laboratories plus $186.7m in cash for a 49.9 per cent stake in the venture.

However, the main interest in Roche remains its drugs division, which contributes more than half of group sales. This industry's future looks difficult, with governments pressing down prices and the challenges, both financial and scientific, of developing new drugs.

Even some very large drugs groups have trembled as they gaze into this future and have chosen to diversify. Roche believes it has what it takes to succeed and is concentrating more resources on its drugs division.

Five years ago, it bought a 60 per cent stake in Genentech of California for $2bn. Genentech produces a widely used genetically-engineered drug, Activase, for combating blood clotting in heart attack victims, and Pulmozyme, which treats cystic fibrosis and has prospects for easing bronchitis. Genentech puts Roche at the forefront of genetic engineering, which is expected gradually to replace chemistry as the main source of drug innovation.

Last year's Syntex purchase further strengthens the group's research. Syntex has experience in cardiovascular drugs and pain killers, areas in which Roche is weak.

Profile: BRITISH PETROLEUM

Value soars as confidence returns

The British oil giant has regained a place in Britain's top three, **Robert Corzine** reports

British Petroleum's rise in this year's rankings reflects growing investor confidence that the company has recovered from the crisis of mid-1992, when a boardroom coup deposed Robert Horton, the former chairman.

The coup and a board decision to cut the dividend triggered a sharp fall in BP's share price. Investors, particularly in the UK, were sceptical that BP could fulfil its promise to slash its $16bn debt, while improving earnings and keeping capital spending in check.

The targets of the three-year "one, two, five" strategy were to cut the debt by $1bn a year, build annual replacement cost profits to $2bn and keep capital spending below $5bn a year. The fact that they have been achieved ahead of schedule and with little help from oil prices explains in large part the turnaround in investor sentiment that has sent BP's share price to record highs.

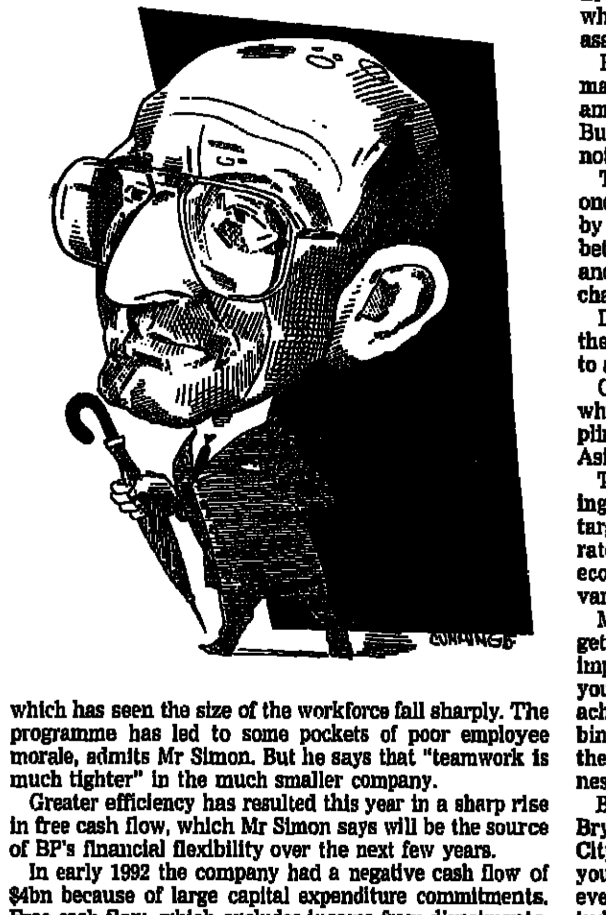
David Simon, *(right)*, BP's chief executive, who will be replacing the retiring Lord Ashburton as chairman next July, attributes the company's recovery to its "unremitting focus on performance". That has meant a rationalisation of BP's business interests, as well as a radical and painful restructuring of the remaining assets.

The debt burden was much reduced by the sale since 1992 of $6.25bn of non-core assets. The divestment programme covered businesses acquired during past periods of diversification, but which did not fit with the current concentration on oil and natural gas-related assets.

Capital efficiency has been improved, to the point where BP was able to keep capital expenditure under $4bn this year, even though crude oil and gas output rose by 2 per cent and the company replaced the reserves produced during the year.

BP is also trying to get a greater return from past capital expenditure by eliminating bottlenecks in plants and increasing their reliability. The company's return on average capital employed has lagged behind its main competitors, a fact which Mr Simon is keen to see corrected. The new target is for a 13-14 per cent return, in line with the best performers among BP's peer group.

The bulk of the company's cost reductions over the past two years has been through a redundancy programme which has seen the size of the workforce fall sharply. The programme has led to some pockets of poor employee morale, admits Mr Simon. But he says that "teamwork is much tighter" in the much smaller company.



Greater efficiency has resulted this year in a sharp rise in free cash flow, which Mr Simon says will be the source of BP's financial flexibility over the next few years.

In early 1992 the company had a negative cash flow of $4bn because of large capital expenditure commitments. Free cash flow, which excludes income from divestments, turned positive in the first quarter of this year, and is now running at an annual rate of about $1bn.

So can BP carry on making big gains in performance? That is the intention, according to Mr Simon and John Browne, the former BP treasurer and head of exploration who will take over as chief executive when Mr Simon assumes the chairmanship.

Early last month the company announced new performance targets for the next two years. They are more ambitious than the original three-year plan, analysts say. But BP believes they are attainable even if oil prices do not rise above $16-$18 for the benchmark Brent Blend.

The new targets are known in the company as "son of one, two, five". They call for a 50 per cent rise in profits by 1996 to $3bn. BP executives say higher volumes, a better product mix, new technology, further cost cutting and corporate restructuring and a reduction in interest charges will all contribute to improved earnings.

Debt is due to be reduced further, to about $8bn from the present level of $10.8bn. That will take gearing down to around 30-35 per cent, from about 60 per cent currently.

Capital expenditure will be kept to about $4.5bn, a level which Mr Simon says will leave some scope for "disciplined growth", particularly in fast-growing markets in Asia, eastern Europe and Latin America.

The three main operating divisions – exploration, refining and marketing, and chemicals – have set additional targets. BP Chemicals, for example, wants a 15 per cent rate of average return on capital employed over the entire economic cycle. Traditionally, the sector's performance varies widely with the state of underlying economies.

Mr Simon says setting simple targets is one element in getting a company to the state of continual performance improvements. "Targeting is fundamental to achieving. If you do not target you do not measure and you do not achieve," he says. Senior executives say the targets, combined with the experience in the past 2½ years, will keep the company focused on operational aspects of the business in future.

BP is also likely to be a more humble organisation. Bryan Sanderson, head of the chemicals division, told City analysts recently: "It was easy in the good times as you walked across the Thames to work to think that everything you'd touch would turn to gold. I think attitudes have changed."

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